FOREIGN
BROADCAST
INFORMATION
SERVICE

Daily Report

East Asia

FBIS-EAS-95-122
Monday
26 June 1995

Daily Report
East Asia

FBIS-EAS-95-122 CONTENTS *26 June 1995*

NOTICE: An * indicates material that may not be disseminated in electronic form.

INTER-ASIAN AFFAIRS

EAGA Group To Set Up Data Exchange Network *[BUSINESS WORLD 20 Jun]* 1
Malaysia Seeks To Add to AFTA 'Sensitive List' *[BANGKOK POST 24 Jun]* 1

NORTHEAST ASIA

Japan

Bilateral Auto Negotiations Continue in Geneva 3
  Tackling 'Thorniest Issues' *[KYODO]* 3
  Auto Talks Extended *[KYODO]* 3
  Hashimoto Reiterates Stance *[Tokyo TV]* 4
  Further on Hashimoto Comments *[KYODO]* 5
  Senior MITI Specialist Sent *[ASAHI SHIMBUN 25 Jun]* 5
  Tokyo Seeks Basic Accord *[KYODO]* 5
Kantor, Hashimoto Ready for Trade Talks 6
  Negotiators Prepare Way *[KYODO]* 6
  Hashimoto Leaves Geneva *[KYODO]* 6
  No 'New Proposals' Indicated *[KYODO]* 7
MITI, MOT Differ on Auto Inspection System *[NIHON KEIZAI SHIMBUN 23 Jun]* 7
LDP's Muto Proposes Compromise in Auto Talks *[KYODO]* 8
Murayama 'Pessimistic' About Auto Row *[KYODO]* 8
Murayama Expects Best Effort for Auto Accord *[KYODO]* 8
'Global Eye' Criticizes Clinton's Auto Policy *[TOKYO SHIMBUN 23 Jun]* 8
Hashimoto-Kantor Auto Trade Dispute Discussed *[KYODO]* 9

- Reaction to Hashimoto-Kantor Geneva Auto Talks 11
  - Auto Sector: Talks Indispensable *[ASAHI SHIMBUN 25 Jun]* 11
  - Automakers Reducing Inventories *[KYODO]* 11
  - Mazda Ready To Announce Plan *[ASAHI SHIMBUN 24 Jun]* 12
  - Makers Hope To Avoid Sanctions *[KYODO]* 12
  - Dealers Consider Ties to Ford *[KYODO]* 12
- Relief Measures for Auto Subcontractors Studied *[MAINICHI SHIMBUN 24 Jun]* 13
- Daily Sheds Light on Aviation Countermeasures *[NIHON KEIZAI SHIMBUN 22 Jun]* 14
- Tokyo To Join U.S. 'Energy Star' Program *[KYODO]* 14
- U.S. Call for More Outlays for Troops Rejected *[KYODO]* 15
- Tokyo, Pyongyang To Seek Early Rice Accord *[KYODO]* 15
  - First Day of Working-Level Talks *[KYODO]* 15
  - DPRK Request Snags 2d Day Talks *[KYODO]* 16
  - Talks To Continue 26 Jun *[KYODO]* 17
- Ministers Compromise on DPRK Rice Aid *[KYODO]* 17
  - Tokyo To Offer 400,000 Tons *[KYODO]* 17
- DPRK Seeks 'Quite Large' Amount of Rice Aid *[KYODO]* 18
- Official on Amount of Rice Aid to DPRK *[KYODO]* 19
- Igarashi Denies Pledging 1 Million Tons of Rice *[Tokyo TV]* 19
- Resumed Normalization Talks With DPRK Sought *[NIHON KEIZAI SHIMBUN 22 Jun]* 20
- DPRK Move To Scrap Armistice Termed 'Surprise' *[KYODO]* 20
- Tokyo, Beijing Begin Environmental Talks *[KYODO]* 21
- Shinshinto Mission Leaves for PRC 22 Jun *[KYODO]* 21
- Stanley Co., PRC Begin Automotives Venture *[KYODO]* 21
- Honda To Open Auto Training Centers in PRC *[KYODO]* 22
- Tokyo Secretly Sends Envoy to Taipei on APEC *[KYODO]* 22
- Murayama To Consider 2d Supplementary Budget *[KYODO]* 22
- Tax Council Head Discusses Tax System Reform *[Tokyo TV]* 23
- Kubo Urges Tax Cuts, Early 2d Extra Budget *[KYODO]* 23
- Hitachi Zosen Head Advises Setting Numerical Targets *[NIHON KEIZAI SHIMBUN 23 Jun]* 24
- Business Leader on Cutting Discount Rate *[TOKYO SHIMBUN 21 Jun]* 24
- LDP To Receive Subsidies From State Coffers *[KYODO]* 24
- Hatoyama Views Future of Ruling Coalition *[NIHON KEIZAI SHIMBUN 23 Jun]* 25

North Korea

'Principled Agreement' Reached on Heavy Fuel Oil *[KCNA]* 25
U.S., ROK 22-23 Jun Military Activities Noted *[KCNA]* 25
U.S., ROK Said Driving Situation Toward War *[KCNA]* 25
Kim Yong-sam Regime Denounced for Arms Buildup *[Pyongyang Radio]* 26
Talk Denounces Kim Yong-sam's Reform Programs *[Pyongyang Radio]* 27
Daily Criticizes Japan's Transport Ship Plan *[KCNA]* 28
Telecommunication Delegation Departs for PRC *[KCNA]* 28
Editorials Mark 45th Anniversary of Korean War *[KCNA]* 29
Article Views Kim Chong-il's Work on Ideology *[KCNA]* 29
Daily Lauds Kim Chong-il Letter on Training *[MINJU CHOSON 28 May]* 30
Power Stations in Chagang Increase Production *[MINJU CHOSON 28 May]* 31
Importance of Role of Railway Stations Cited *[MINJU CHOSON 16 May]* 32
Article on Increased Export Production Bases *[MINJU CHOSON 28 May]* 34
Daily Publishes Article on Human Rights *[KCNA]* 35
Article on Need To Improve People's Livelihood *[MINJU CHOSON 26 May]* 37

South Korea

Reports on Planned Deliveries of Rice to DPRK 39
    DPRK Demands Rice Delivery Delay *[Seoul Radio]* 39
    Second-Day Talks Held in Beijing *[Seoul Radio]* 39
    N-S Delivery Accord Summarized *[CHOSON ILBO 26 Jun]* 40
    Rice Quality, Schedule Discussed *[CHOSON ILBO 26 Jun]* 40
    Kotra President Pak Comments *[Seoul Radio]* 41
    Rice Shipment Ceremony Reported *[Seoul TV]* 41
    Prime Minister Speaks at Ceremony *[Seoul TV]* 42
    Sea Apex Establishes Contact *[YONHAP]* 43
    Ship Changes Course for Chongjin *[Seoul Radio]* 43
    More Rice Loaded in Other Ports *[Seoul Radio]* 43
    Departure Dates Not Determined *[YONHAP]* 43
Public Support for Rice Deal Said Decreasing *[THE KOREA TIMES 25 Jun]* 44
Senior Official: Venue Set for Next N-S Talks *[THE KOREA TIMES 24 Jun]* 44
Daily Describes North Korean Food Situation *[CHUNGANG ILBO 26 Jun]* 45
North Imports 'Daily Necessities' From South *[CHUNGANG ILBO 26 Jun]* 46
North External Economic Policy Groups Examined *[CHUNGANG ILBO 26 Jun]* 47
DPRK Announces 25 Jun Armistice Accord Repeal *[YONHAP]* 47
    Ministry Views DPRK's Intention *[Seoul Radio]* 47
    North 'Playing With Fire' *[CHUNGANG ILBO 26 Jun]* 48
Papers on Rice Delivery, Armistice Situation *[CHOSON ILBO 26 Jun, etc.]* 48

- Illegal Visa Dealing at U.S. Embassy Alleged 49
  - 'Tripartite Transactions' Viewed *[CHOSON ILBO 24 Jun]* 49
  - Deals at 'Arranging' Agencies *[CHOSON ILBO 25 Jun]* 50
  - U.S. Staffer Involvement Hinted *[CHOSON ILBO 26 Jun]* 51
  - U.S. Embassy Officials Cited *[THE KOREA TIMES 24 Jun]* 51
  - Police Launch Investigation *[Seoul Radio]* 52
  - Police Examine List of 10 People *[Seoul TV]* 52
  - Police Plan To Issue Subpoena *[Seoul Radio]* 53
  - U.S. Embassy 'Tardy,' About Issue *[THE KOREA TIMES 25 Jun]* 53
  - Improved U.S. Visa Work Urged *[TONG-A ILBO 25 Jun]* 53
  - Visas for 'Economic Criminals' *[CHOSON ILBO 26 Jun]* 54
- Complaint About U.S. Embassy Staff's Manners *[CHOSON ILBO 26 Jun]* 55
- U.S Governor Announces Six MOU's With Firms *[YONHAP]* 55
- Tokyo Source: Kim Chong-il Succession 9 Sep *[HANGYORE SINMUN 25 Jun]* 56
- DPRK, PRC Residents Illegally Enter South *[Seoul Radio]* 56
  - Police Investigating Situation *[CHUNGANG ILBO 26 Jun]* 56
- PRC Frees 8 Crew Members of Captured Boat *[YONHAP]* 56
- Foreign 'Work Permit System' Reaches 'Snag' *[THE KOREA HERALD 25 Jun]* 57
- Foreign Ministry, Opposition Continue 'Battle' *[YONHAP]* 58
- Plans for 27 Jun Local Elections Detailed *[YONHAP]* 59

SOUTHEAST ASIA

Burma

- Editorial Analyzes SLORC Cabinet Reshuffle *[SIAM POST 24 Jun]* 60
- Khin Nyunt Holds Talks With Wa Leaders *[Rangoon Radio]* 60
- Irrawaddy Commander Meets District Officials *[Rangoon Radio]* 60
- Activities of New Military Commanders Reported *[Rangoon Radio]* 61
- Brigadier General Inspects Mandalay Projects *[Rangoon Radio]* 61

Brunei, Malaysia & Singapore

Malaysia

- Badawi Urges Spratly Talks To Ensure Stability *[Kuala Lumpur International]* 61
- Asian Media Urged To Spread 'Positive' Values *[Kuala Lumpur Radio]* 61
- King Returns From State Visit to Philippines *[Kuala Lumpur Radio]* 62

Singapore

- Malaysian Defense Chief Calls on Goh, Minister *[Singapore Radio]* 62

Cambodia

- Rangsi Issues Statement on Ouster From Assembly *[SEASIA Listserv]* 62

- Reportage on Rangsi Dismissal From Assembly 63
  - Sirivut Opposition Cited *[Radio PGNUNS]* 63
  - Khmer Rouge Condemn Action *[Radio PGNUNS]* 63
  - Ranariddh Defends Dismissal *[REAKSMEI KAMPUCHEA 24 Jun]* 64
  - Hun Sen Warns of Interference *[REAKSMEI KAMPUCHEA 24 Jun]* 64
  - Sihanouk Regrets Ouster *[AFP]* 65
  - UK Legislator 'Astonished' *[AFP]* 65
- Ranariddh Defends Draft Press Law as 'Liberal' *[AFP]* 66
- Former KR Admits Role in Slaying of Westerners *[AFP]* 66
- Aid Workers Report Khmer Rouge Abduct 6 Women *[AFP]* 67
- Khmer Rouge Claim Pursat-Romeas Rail Line Cut *[Radio PGNUNS]* 67
- Khmer Rouge Say Sisophon-Poipet Road Severed *[Radio PGNUNS]* 68

Indonesia

- Daily Criticizes 'Arrogance' of G-7 *[MERDEKA 23 Jun]* 68
- Government Moves To 'Silence Dissent' Examined *[Hong Kong FAR EASTERN ECONOMIC REVIEW 29 Jun]* 69
- Kazakh President Nazarbayev on State Visit 70
  - Arrives 22 Jun *[ANTARA]* 70
  - Meets With Suharto *[ANTARA]* 70
  - Honored at Suharto Banquet *[ANTARA]* 70
- General Sumitro Urges Presidential Term Limits *[AFP]* 70
- Military Officer: No Threat of ABRI Coup *[REPUBLIKA 23 Jun]* 71
- Factions Unhappy With Stock Market Bill *[KOMPAS 30 May]* 71
- BEJ Denies Data Different for Foreigners *[BISNIS INDONESIA 24 May]* 73
- Local Bids Sought for Natuna Gas Project *[THE JAKARTA POST 8 Jun]* 73

Thailand

- U.S. Call To Liberalize Services Examined *[THE NATION 24 Jun]* 74
- U.S. Interference in Internal Matters Viewed *[THAILAND TIMES 26 Jun]* 74
- Return of Vietnamese Bodies Approved *[Bangkok Radio]* 75
- SLORC Human Rights Violations Criticized *[THE NATION 26 Jun]* 76
- New Burma Policy for Government Proposed *[THE NATION 26 Jun]* 77
- UN Urges Burmese Exiles To Enter Safe Area *[THE NATION 24 Jun]* 78
- Memorandum Signed With Laos on Use of Bridge *[Bangkok Radio]* 79
- 'Adjusting' Financial Liberalization Plan *[BANGKOK POST 26 Jun]* 79
- Central Bank Works Against Interest Rate Decline *[BUSINESS DAY 24-25 Jun]* 80
- Promotion Policies Help Boost Rice Exports *[THE NATION 23 Jun]* 81
- Military Reportedly Watching Elections 'Closely' *[Hong Kong FAR EASTERN ECONOMIC REVIEW 29 Jun]* 81
- Chat Thai Party Heads Off Narcotics Issue *[THE SUNDAY NATION 25 Jun]* 82

Vietnam

Tonkin SRV-PRC Border Working Group Meets *[Hanoi Radio]* 82
Circular Issued on Banned Goods, Services *[VNA]* 83
Civil Aviation Development Reviewed *[SAIGON GIAI PHONG 2 Jun]* 83
Article on Tan Son Nhat Airport Development *[SAIGON GIAI PHONG 5 Jun]* 85
Electricity Reaches 60 Percent of Communes *[VNA]* 86
Lao Cai Builds Electric Line to Muong Khuong *[Hanoi Radio]* 86
Seasonal Cyclones Wreak Crop, Property Damage *[VNA]* 86
Hai Hung Party Admits Nearly 2,000 Members *[Hanoi Radio]* 87

AUSTRALASIA

Australia

Further Reaction to French Nuclear Decision 88
    Recalled Envoy 'Sad' *[Melbourne International]* 88
    Local Councils Urged To Rally *[Melbourne International]* 88
    Evans Defends Response *[Melbourne International]* 88
Croatian President Tudjman Concludes Visit 88
    Addresses Emigres, Faces Protesters *[Melbourne International]* 88
    Departs Sydney for New Zealand *[Melbourne International]* 89
Delegation To Discuss Aviation Dispute *[Melbourne International]* 89
Judge Bars Release of PRC Embassy Bugging Data *[Melbourne Radio]* 89

New Zealand

Bolgar Rules Out Further Action Against France *[AFP]* 89

EAGA Group To Set Up Data Exchange Network

BK2206090095 Manila BUSINESS WORLD in English 20 Jun 95 p 6

[Report by Lovely A. Carillo]

[FBIS Transcribed Text] Kuching, Malaysia — The agri-industry working group of the East ASEAN Growth Area (EAGA) has agreed to establish a research and development center and an information exchange network.

"There is a need to strengthen the information and technology exchange among member nations if this sector is to succeed " said Agriculture Undersecretary Rolleo Ignacio.

He said the sector demands bilateral and multilateral access to market information, production data, climatic and topographic condition, transportation and post-harvest facilities.

EAGA is a sub-regional economic grouping of the Association of Southeast Asian Nations composed of provinces in Indonesia, Malaysia, the Philippines and Brunei Darussalam. The Philippines has Davao City as the representative province.

The third EAGA senior officials' meeting is being held here in Kuching.

Mr. Ignacio said the center will provide a repository processing of research materials technology, production data and market information, including the list of relevant institutions and experts in EAGA.

The five priority areas of complementing are the establishment of a research and development center, harmonization of laws procedures and standards, undertaking of exchange programs, study visits, trade missions and joint-venture projects.

The livestock and poultry subsector identified joint-venture projects such as Halal [approved by Islamic law] meat processing, transport facilities, feeds, dairy, day-old chick importation and cattle breeding.

It was also agreed that the sectors' research and development would touch on breeding, disease control and the nutrition of poultry, cattle and small ruminants.

Malaysia was assigned to prepare a study on market information exchange and the possibility of establishing a formal channel of information structure.

The group also adopted a resolution to harmonize efforts on customs, immigration and quarantine. Mr. Ignacio said the group agreed to pool resources on labor, land, energy, transport, fund source, training and crops such as rice, corn, sweet potato, soybean and green beans.

The fruits and plantation subworking group, he said, identified 10 fruit commodities where members could go into joint and systematic production.

Some of the identified fruits are durian, banana, pineapple, rambutan, mango and papaya.

Malaysia Seeks To Add to AFTA 'Sensitive List'

BK2506065895 Bangkok BANGKOK POST in English 24 Jun 95 p 15

[FBIS Transcribed Text] Malaysia has asked that 1,200 timber and tobacco products be added to the ASEAN Free Trade Area [AFTA] Sensitive List, a request Thailand is reluctant to grant for fear that the overall AFTA tariff-reduction plan could collapse, according to Thai official sources.

Kuala Lumpur's request runs counter to the spirit of the Common Effective Preferential Tariff (CEPT) system, which seeks to slash tariff support for goods involved in inter-ASEAN trade. CEPT is a key element in plans to boost trade cooperation among ASEAN members.

A member country is allowed to include on the Sensitive List products, mostly agricultural, that it deems overly sensitive to tariff reductions, with possible negative consequences for its economy.

Member countries proposed some 2,500 unprocessed agricultural products for inclusion in the CEPT system last year. About 10 percent of those were placed on the Sensitive List.

Last April's AFTA Council meeting in Phuket established a so-called "special arrangement" for handling unprocessed agricultural products on the list.

The Thai sources said Malaysia's request, made at a meeting of ASEAN senior economic officials, covered 1,200 items in the timber and tobacco categories. Malaysia had originally listed these products as manufactured and therefore under the domain of normal trade.

The AFTA plan calls for tariff reductions in three broad categories: manufactured goods, capital goods and agricultural goods.

However, following the Phuket meeting and the establishment of the special agreement, Malaysia decided to request a change of status for tobacco and timber goods, exempting them from the tariff-reduction plan.

According to the sources, Malaysia claimed its initial classification of the categories as industrial goods rather than unprocessed agricultural goods was a technical error.

Other ASEAN countries especially Thailand, have objected strongly to Malaysia's request, citing AFTA agreements that prohibit changes to the list. Senior economic officials have urged Malaysia to revise it request before the next meeting.

At the Phuket meeting, Malaysia had proposed 109 products on the Sensitive List, Brunei 56, Thailand 47, the Philippines 46 and Indonesia 27. Singapore included no items on the list.

Japan

Bilateral Auto Negotiations Continue in Geneva

Tackling 'Thorniest Issues'

OW2306233195 Tokyo KYODO in English 2307 GMT 23 Jun 95

[By William Mallard]

[FBIS Transcribed Text] Geneva, June 24 KYODO — Senior Japanese and U.S. auto trade negotiators appeared to be tackling the thorniest areas of their dispute as they met late into the night Friday [23 June] in an attempt to avert sanctions threatened for next week.

"We're still having serious discussions," said Ira Shapiro, general counsel for the Office of the U.S. Trade Representative and one of the heads of the U.S. delegation to the last-ditch talks.

Asked as he walked into the evening session if new ideas had been presented, he said only, "a lot of good discussions."

"We are putting forth various ways of thinking...," said Yoshihiro Sakamoto, vice minister for international affairs of Japan's Ministry of International Trade and Industry (MITI). Despite a number of "quite difficult issues," he said, "we have had in-depth, frank discussions."

Both sides declined to go into detail on the content of the discussions or whether they would extend the high-level talks.

The talks are aimed at averting 100 percent tariffs on 5.9 billion dollars worth of Japanese luxury cars imported to the U.S. set to go into effect if there is no deal by Wednesday.

The U.S. aim in the talks is to obtain agreement on expanding foreign-parts purchases in Japan, deregulating the repair-parts market and expanding dealerships that handle foreign cars.

Almost unnoticed, parallel talks collapsed Friday on Japan's complaint to the Geneva-based World Trade Organization (WTO) against the threatened sanctions.

Those legalistic talks broke up when the U.S. refused to withdraw the sanctions threat, which Tokyo says violates various WTO rules. Japan will take its case to the WTO dispute settlement panel "unless there is a change in the U.S. position," said a Japanese official, who said he was "very disappointed."

Japanese officials had indicated late Thursday that the vice ministers had finally begun to talk about widely reported plans by Japanese automakers to boost overseas production and the locally produced content of such overseas vehicles.

But MITI's Sakamoto, twice Friday specifically denied that they had been discussed.

"We're just talking and talking and I think we'll know something in a short while," said David Burns, a Japan specialist with the Trade Representative's Office, although he said he did not know when a turning point would come. "We're definitely talking substance," he said.

Tension from the nitty-gritty negotiations began to show late in the day when talks ran two hours over schedule and slated news conferences were canceled.

Commerce Undersecretary Jeffrey Garten, who disappeared on foot and in shirtsleeves before morning negotiations, attended the afternoon talks but did not show for a night session. Officials said they did not know where he went or if he was meeting anyone.

Sakamoto made an almost unheard-of move for a Japanese bureaucrat, arriving for the night session nearly 40 minutes late. He did not comment as he waded through a scrum of cameras and reporters.

Adding to the fray, two congressmen arrived and U.S. auto and auto parts industry officials emerged from the building where the negotiations were taking place to show their support for the U.S. position, vowing that they plan to work long-term to compete in the Japanese market and asserting that they are seeking only better opportunities to sell their products there.

Auto Talks Extended

OW2406031395 Tokyo KYODO in English 0238 GMT 24 Jun 95

[By William Mallard]

[FBIS Transcribed Text] Geneva, June 24 KYODO — Japan and the United States agreed early Saturday [24 June] to extend their last-ditch auto talks, with Japan hanging tough on its rejection of "numerical targets."

After three sessions of talks running 12 hours through the day Friday, vice ministers emerged from the Office of the U.S. Trade Representative at 2:40 a.m. Saturday to say they would continue "in-depth discussions" Saturday afternoon at the Japanese mission to the international organizations here.

Through the vice ministerial negotiations, Japan continued to insist that a deal is impossible if Washington sticks to targets and will press its demand again when talks resume, a Japanese source told KYODO NEWS SERVICE.

The Americans insist they have not sought targets, only criteria to judge future progress, in the talks, which are a last-ditch effort to avoid U.S. trade sanctions on which President Bill Clinton has set a Wednesday deadline.

"We had a frank exchange of views," said Yoshihiro Sakamoto, vice minister for international affairs with Japan's Ministry of International Trade and Industry (MITI).

Asked if both sides remained far apart after the talks, he said that they "deepened the discussions" and would continue.

The talks were "tough," said Osamu Watanabe, director general of MITI's Machinery and Information Industries Bureau, as he waded through a sea of cameras and reporters to a waiting car.

"We have had continuous, in-depth discussions of all the relevant issues," said Ira Shapiro, general counsel to the U.S. Trade Representative's Office.

The continuation of the talks, originally slated to end Friday, is "consistent with what the president and the prime minister (Tomiichi Murayama) said — to make our best efforts to try to find a negotiated solution," Shapiro said.

He did not take questions and Commerce Undersecretary Jeffrey Garten, standing by his side, said nothing to waiting reporters.

The two-year-old talks aim at expanding foreign-parts purchases in Japan, deregulating the repair-parts market and expanding the number of dealerships that handle foreign cars.

The U.S. maintains that the Japanese market is closed to foreign competition through overregulation, and exclusive business practices and cozy ties within the industry.

Clinton said he would slap 100 percent tariffs, retroactive to May 20, on luxury cars worth 5.9 billion dollars a year if the negotiators cannot meet the deadline.

Japanese officials indicated late Thursday that the vice ministers had finally begun to talk about widely reported plans under which five Japanese automakers would increase North American production to some three million vehicles a year by 1998 from 2.57 million now, boost local content to at least 70 percent and make more engines and other key components locally.

But Sakamoto twice Friday specifically denied that such plans had been discussed. "We are putting forth various ways of thinking...," despite a number of "quite difficult issues," he said.

Shapiro, asked during an evening break whether new ideas had been presented, answered, "a lot of good discussions."

Parallel talks collapsed Friday on Japan's complaint to the Geneva-based World Trade Organization (WTO) against the threatened sanctions.

Those talks broke up when the U.S. refused to withdraw the sanctions threat, which Tokyo says violates WTO rules. Japan will take its case to the WTO dispute settlement panel "unless there is a change in the U.S. position," said a Japanese official, who said he was "very disappointed."

Tension from the nitty-gritty vice ministerial negotiations began to show late Friday when talks ran two hours over schedule and slated news conferences were canceled.

Garten, the commerce department undersecretary for international affairs, disappeared before morning negotiations he had been expected to attend.

Sakamoto arrived for the night session nearly 40 minutes late, an almost unheard-of move for a Japanese bureaucrat. After the talks ended, an official said Sakamoto was too exhausted to brief the press.

Adding to the fray, two congressmen arrived and U.S. auto and auto parts industry officials showed up to demonstrate their support for the U.S. position, vowing to work long-term to compete in the Japanese market and asserting that they are seeking only better opportunities to sell their products there.

The lawmakers, Rep. Sander Levin of Michigan, a Democrat, and Republican Rep. Amo Houghton of New York, were slated to hold a news conference to call for "a fair shot at the world's second-largest market."

Hashimoto Reiterates Stance

OW2506122595 Tokyo NHK General Television Network in Japanese 0905 GMT 25 Jun 95

[Announcer-read report over video; from "NHK News" program]

[FBIS Translated Text] Ryutaro Hashimoto, minister of international trade and industry, delivered a speech today at a meeting of the Yamagata chapter of the Liberal Democratic Party and reiterated that making concessions in an easygoing way at the planned ministerial meeting in Geneva would adversely affect trade issues between Japan and the United States in areas other than automobiles and the auto parts sector.

[Begin Hashimoto recording] We must try to somehow bring these negotiations to a successful conclusion.

However, we cannot make concessions toward that end in such a manner that will cause us regret in the future. Looking at Japan from a long-term viewpoint, we cannot negotiate in terms that will be disadvantageous to our country. [end recording]

In this way, Hashimoto reiterated that if Japanese automakers were to concede to U.S. demands to set numerical targets regarding automakers' voluntary purchases of foreign auto parts, it would cause adverse effects on trade issues over photographic film and semiconductors, and Japan thus cannot make concessions on this point in an easygoing way.

Through a direct meeting between Hashimoto and U.S. Trade Representative Mickey Kantor on 26 June in Geneva, Japan and the United States hope to reach an accord before the 28 June deadline set by the United States for imposing sanctions against Japan.

Further on Hashimoto Comments

OW2506123595 Tokyo KYODO in English
1058 GMT 25 Jun 95

[FBIS Transcribed Text] Tokyo, June 25 KYODO — International Trade and Industry Minister Ryutaro Hashimoto reconfirmed Sunday [25 June] that an agreement in Japan-U.S. auto trade talks would be impossible unless Washington withdraws its call for expansion in foreign-parts purchase plans by Japanese automakers.

Hashimoto reconfirmed Japan's basic position with top ministry officials before leaving Tokyo on Monday morning for Geneva to meet U.S. Trade Representative Mickey Kantor for talks aimed at an agreement to forestall 100 percent tariffs on Japanese luxury cars.

The sanctions are scheduled to be implemented retroactively to May 20 if no accord is reached by Wednesday.

Hashimoto also confirmed that even if Japan and the United States reach a basic agreement in the two-year dispute, it must be subject to assessment by a third party such as the European Union (EU).

Hashimoto met with Prime Minister Tomiichi Murayama, Foreign Minister Yohei Kono and other cabinet ministers Sunday night to discuss Japan's position.

Earlier Sunday, in a speech in Yonezawa, Yamagata Prefecture, on a stumping tour for July's upper house elections, Hashimoto also pledged his best efforts to reach a last-ditch agreement in talks with Kantor beginning in Geneva late Monday.

Hashimoto said, "the United States is waiting for Japan to give in with the threatened sanctions, but we will make efforts to the last minute to come to an agreement somehow."

He also said, "if Japan gives in to such a threat, like being held at gunpoint, similar things will take place in other issues."

He said a government commitment to having Japanese automakers expand foreign-parts purchases would be managed trade and is against the principles of free trade.

Senior MITI Specialist Sent

OW2506135095 Tokyo ASAHI SHIMBUN
in Japanese 25 Jun 95 Morning Edition p 9

[FBIS Translated Text] Trade negotiations between Japan and the United States over automobiles and the auto parts sector are expected to continue up to the last moment on 28 June, the deadline set by the United States for imposing sanctions against Japan. In view of this, the Ministry of International Trade and Industry dispatched its senior specialist for Auto Parts Industry Policy Planning, an official in charge of the auto parts sector, to Geneva on 24 June. It is observed that the official will serve as a mediator between senior officials of the Japanese automakers to work out details regarding such matters as plans to increase auto parts purchases, which is to be incorporated in the "new proposals" Japan plans to present to the United States.

Tokyo Seeks Basic Accord

OW2606035995 Tokyo KYODO in English
0340 GMT 26 Jun 95

[FBIS Transcribed Text] Geneva, June 26 KYODO — Japan seeks to reach a basic agreement with the United States on auto trade talks before Wednesday, the U.S. deadline for unleashing sanctions on Japanese car imports, by putting off difficult technical issues to future negotiations, Japanese Government sources here said Sunday [25 June].

They said Japan now wants the ministerial meeting, scheduled Monday between its minister of International Trade and Industry Ryutaro Hashimoto and U.S. Trade Representative Mickey Kantor, to concentrate on hammering out a governmental accord from a political viewpoint.

In the basic agreement, Japan will pledge to make plans to increase foreign-made parts procurement and efforts to raise the ratio of locally produced contents in Japanese cars made abroad, they said.

The Japanese stance is that the biggest stumbling block — how to measure increases of foreign parts purchases by Japanese automakers — and other technical issues can be discussed further in expert-level talks after the basic accord is struck, following a period for preparation, the sources added.

If Hashimoto and Kantor get into such details, no governmental deal would be possible before the "strict deadline" for sanctions Wednesday set by U.S. President Bill Clinton, the sources said.

The U.S. announced it will impose 5.9 billion dollars worth of 100 percent punitive tariffs, retroactive to May 20, against 13 Japanese luxury car models if no deal is made by Wednesday.

On technical issues, the sources said the two countries have been discussing ways to measure increases of foreign parts purchases by Japanese automakers.

There would likely be a big difference between measuring the improvements by the number of parts and by the value of purchases, they said.

The U.S. at present is using several different measures in the North American free trade agreement and other international trade agreements.

If the U.S. accepts making the local content ratio as the measurement for seeing improvements in Japanese carmakers' foreign parts purchases, Japan will allow the U.S. to estimate the value of local parts bought by Japanese factories in the U.S., the sources said.

They said it would be better if Hashimoto and Kantor did not talk about measurements, leaving room for discussions over a suitable measurement that would easily be agreed by the U.S. automotive industry.

In this way, they implied that a basic accord "specifying no planned numbers" that Japan is seeking may become easier to accept for the U.S.

Kantor, Hashimoto Ready for Trade Talks

Negotiators Prepare Way

OW2506085895 Tokyo KYODO in English 0827 GMT 25 Jun 95

[By William Mallard]

[FBIS Transcribed Text] Geneva, June 25 KYODO — Top Japanese and U.S. auto negotiators met Sunday [25 June] to begin preparing the way for 11th-hour talks the next day by the nations' trade chiefs to avert threatened U.S. sanctions.

U.S. Trade Representative Mickey Kantor and Japan's Ministry of International Trade and Industry (MITI) chief Ryutaro Hashimoto will arrive Monday night to start talks aimed at an agreement forestalling 100 percent tariffs on 5.9 billion dollars worth of Japanese luxury cars. The sanctions are scheduled to be implemented retroactively from May 20 if no accord is reached by Wednesday.

Through Saturday, both sides spent much of their time confirming their positions and setting the logistical groundwork for Kantor and Hashimoto, officials said.

"We have been looking at all the issues with the utmost seriousness, we know where the differences are and we're going to be working extremely hard to try to narrow those," said Commerce Undersecretary Jeffrey Garten.

Garten and Kantor deputy Ira Shapiro said Saturday they are neither optimistic nor pessimistic. Yoshihiro Sakamoto, MITI vice minister for international affairs, said, "we are not in a situation to say we are 'hopeful.' But I don't think it's a hopeless situation."

Washington insists on measurable results in expanding foreign-parts purchases by Japanese carmakers, more dealerships in Japan that handle foreign cars and major deregulation of the spare-parts market.

Hashimoto Leaves Geneva

OW2606020095 Tokyo KYODO in English 0150 GMT 26 Jun 95

[FBIS Transcribed Text] Tokyo, June 26 KYODO — Japan's Trade Minister Ryutaro Hashimoto left Tokyo Monday [26 June] morning for Geneva for last-minute negotiations with his U.S. counterpart Mickey Kantor on auto and auto parts trade with just two days left to avert U.S. sanctions against Japanese car imports.

On Sunday, Hashimoto hinted at Japan's readiness to take a flexible stance to make a breakthrough in stalled auto talks with the United States if Washington withdraws its numerical demands and threatened unilateral sanctions.

Hashimoto, minister for international trade and industry, dropped the hint to reporters after meeting with Prime Minister Tomiichi Murayama and key cabinet ministers Sunday night to discuss Japan's stance on the trade issue.

In the meeting, Murayama reportedly instructed Hashimoto to do his best to reach an agreement in the two-year-old dispute.

Washington has threatened to impose 100 percent punitive tariffs on 13 Japanese luxury car models valued at 5.9 billion dollars if no accord is reached by Wednesday.

Vice ministers from the two countries have held continual meetings in Geneva since Thursday but remain far apart in such issues as enhancing Japanese carmakers' procurement of foreign-made auto parts.

No 'New Proposals' Indicated

OW2606040795 Tokyo KYODO in English 0349 GMT 26 Jun 95

[FBIS Transcribed Text] Tokyo, June 26 KYODO — Japan's Trade Minister Ryutaro Hashimoto left Tokyo on Monday [26 June] for Geneva for negotiations with U.S. Trade Representative Mickey Kantor in a last-ditch effort to end the auto trade dispute.

Hashimoto will meet Kantor with just two days left before the deadline for Washington to declare 100 percent punitive tariffs on Japanese luxury car imports if no deal is made by that time.

Before boarding the Geneva-bound plane at Narita Airport, Hashimoto told reporters, "I will do my best while making sure not to get too tensed up" about the negotiations.

Hashimoto indicated Japan will offer no new proposals, saying, "I have nothing to say unilaterally."

Japan is ready to negotiate if Washington "honors principles," he said.

Meanwhile, Chief Cabinet Secretary Kozo Igarashi painted a grim picture on the upcoming Hashimoto-Kantor talks.

"It appears both sides remain apart. Negotiations will not be so easy," he said at a news conference.

On Sunday, Hashimoto hinted at Japan's readiness to take a flexible stance to make a breakthrough in stalled auto talks with the United States if Washington withdraws what Tokyo views as "numerical targets" and the threatened unilateral sanctions.

Hashimoto dropped the hint to reporters after meeting with Prime Minister Tomiichi Murayama and key cabinet ministers Sunday night to clarify Japan's stance on the auto issue.

In the meeting, Murayama reportedly instructed Hashimoto to do his best to reach an agreement in the two-year-old dispute.

Washington has announced it will impose punitive tariffs on 13 Japanese luxury car models valued at 5.9 billion dollars if no accord is reached by Wednesday.

Vice ministers from the two countries have held continual meetings in Geneva since Thursday but remain far apart on ways to increase Japanese car makers' procurement of American-made auto parts and on deregulation of Japan's inspection system for automobiles.

MITI, MOT Differ on Auto Inspection System

OW2406042395 Tokyo NIHON KEIZAI SHIMBUN in Japanese 23 Jun 95 Morning Edition p 5

[FBIS Translated Text] Discord has surfaced between the Ministry of International Trade and Industry [MITI] and the Ministry of Transport [MOT] over Japan's vehicle inspection system, which is a point of contention in the Japan-U.S. auto dispute. The United States is demanding "separation of repair and inspection," which could transform the vehicle inspection system in Japan. However, MOT is poised to reject the U.S. demand at the vice-ministerial auto talks that opened in Geneva on 22 June. MITI has recently begun to urge MOT to examine the possibility of going along with the U.S. demand. Commenting on the change in MITI's position at a news conference, Transport Minister Shizuka Kamei openly expressed his discontent with MITI by saying, "MITI should mind its own business." As a result, discord has soured the relationship between MITI and MOT, which had united to adopt a hard- line trade policy toward the United States. Recently, a senior official with MITI has abruptly gone so far as to say: "There is a room to make concessions to the United States in regard to the vehicle inspection system. If Japan makes full concessions, it would eradicate the grounds for the United States to slap sanctions on Japan." MITI appears to have found that the U.S. stance on the vehicle inspection system was tougher than anticipated, after making contacts with U.S. Government officials on the eve of the Geneva auto talks.

MOT's analysis of the U.S. negotiating stance differs from MITI's, however. MOT's view is that the United States negotiates with Japan with the aim of increasing the purchase of American-made auto parts by Japanese automakers and that Japan will be able to settle the auto dispute with the United States by fully briefing the United States on its plans to revamp the current vehicle inspection system. The plans include setting up limited certification repair shops (those specializing in the repair of brakes and other auto parts) and expanding vehicle inspections by vehicle users.

At the ministerial talks held in Canada on 5 May, U.S. Trade Representative Kantor sternly told MITI Minister Ryutaro Hashimoto and MOT Vice Minister Masahide Ochi, "Japan can separate inspection from repair while maintaining the level of car safety, and there are many methods for foreign-made auto parts to gain access to the Japanese market." Even if the United States does not see the revamping of Japan's vehicle inspection system as its most important aim, it is uncertain that just a briefing on Japan's revamping plans could bring about a full understanding on the part of the United States.

LDP's Muto Proposes Compromise in Auto Talks

*OW2606115595 Tokyo KYODO in English
1145 GMT 26 Jun 95*

[FBIS Transcribed Text] Gifu, Japan, June 26 KYODO — A senior Liberal Democratic Party (LDP) official proposed Monday [26 June] that Japan compromise in deadlocked automotive trade negotiations with the United States.

Kabun Muto, chairman of the party's Executive Council, made the proposal in a lecture in Gifu, central Japan.

The LDP is the largest of the three governing coalition groups. The two others are the Social Democratic Party and New Party Sakigake.

"Japan is certain to win in negotiations at the World Trade Organization, but I'm worried about the reaction from the U.S. Congress," Muto said.

It will take one and a half years to settle the issue, and Japan will suffer economic losses during that period, he added.

Muto called for relaxation of the existing automobile inspection system and urged Japanese automakers to offer exhibition space to their U.S. rivals.

Japan and the U.S. are making a last-ditch attempt in Geneva to break the impasse in the negotiations, which are part of joint efforts to work out a new framework for bilateral trade.

Washington has threatened to impose 100 percent penalty tariffs on luxury car imports from Japan unless a breakthrough is made by 1:01 P.M. Thurday Japan time, the deadline set for the sanctions.

Murayama 'Pessimistic' About Auto Row

*OW2606041595 Tokyo KYODO in English
0358 GMT 26 Jun 95*

[FBIS Transcribed Text] Tokyo, June 26 KYODO — Prime Minister Tomiichi Murayama sounded pessimistic Monday [26 June] about a breakthrough in the auto trade dispute with the United States before the Wednesday deadline for sanctions.

"I have instructed Trade Minister (Ryutaro) Hashimoto to make efforts to wrap up the talks before Wednesday but that appears difficult in view of gaps between the two countries in principle," Murayama told reporters.

Washington is prepared to slap 100 percent punitive tariffs on 13 Japanese luxury car imports worth 5.9 billion dollars, if no deal is struck by Wednesday.

Subcabinet-level negotiations since last Thursday in Geneva have produced no tangible results to avert the sanctions, prompting Japanese International Trade and Industry Minister Hashimoto and U.S. Trade Representative Mickey Kantor to fly to the Swiss city for last-minute talks from Monday.

Murayama Expects Best Effort for Auto Accord

*OW2606055195 Tokyo KYODO in English
0520 GMT 26 Jun 95*

[FBIS Transcribed Text] Tokyo, June 26 KYODO — Prime Minister Tomiichi Murayama on Monday [26 June] expressed hope that Japanese negotiators will do their best to bring the auto trade dispute with the United States to a settlement.

At the same time, Murayama said he hopes they will keep the principles of international trade rules so that Tokyo will be able to win support from the international community.

Murayama made the remarks at a liaison meeting of government and ruling coalition leaders, according to government officials.

Japan and the United States remain far apart in the two-year-old dispute in 11th-hour vice ministerial talks in Geneva.

Washington plans to slap 100 percent tariffs on 5.9 billion dollars worth of Japanese luxury car imports if no deal is cut by Wednesday.

Earlier in the day, Murayama sounded pessimistic about a breakthrough in the auto trade dispute before the deadline for sanctions.

"I have instructed Trade Minister (Ryutaro) Hashimoto to make efforts to wrap up the talks before Wednesday but that appears difficult in view of gaps between the two countries in principle," Murayama told reporters.

Subcabinet-level negotiations since last Thursday in Geneva have produced no tangible results to avert the sanctions, prompting Japanese International Trade and Industry Minister Hashimoto and U.S. Trade Representative Mickey Kantor to fly to the Swiss city for last-minute talks from Monday.

'Global Eye' Criticizes Clinton's Auto Policy

*OW2506145895 Tokyo TOKYO SHIMBUN
in Japanese 23 Jun 95 Morning Edition p 4*

[By economic reporter Atsushi Honda: "Automobile Friction — 'Playing With Political Fire' in View of Presidential Election"; from the "Global Eye" column]

[FBIS Translated Text] Is this what Americans call "fairness?" For a moment, I stood frozen in bewilderment at a hearing on automobiles and auto parts trade which the Office of the U.S. Trade Representative (USTR) hosted on 8 June at the International Trade Committee (ITC) in Washington.

Beginning at 1000 hours, congressmen "in favor of imposing trade sanctions against Japan" and officials from the U.S. Big Three automakers, one after another, stated their opinions on the trade issue. As soon as "sanctions opponents," including officials from Japanese automakers, finally got their turn to state their opinions just before 1700 hours, the ITC chairman suddenly declared: "Dinner break! The hearing will resume at 1800 hours."

A considerable number of U.S. newspaper and television reporters had already left the scene of the hearing prior to the deadline for the evening news. Still more reporters would leave if a break were to be taken at this point.

"That is unfair. It is not time for dinner yet. Continue the hearing...," protested the sanctions opponents. However, information control was initiated here in an attempt to prevent the American public from hearing the voices of the opponents.

A time bomb is slowly ticking away, set to go off on "28 June," the deadline set by the U.S. Government for imposing sanctions against Japan over the automobile trade issue. Japan and the United States began subcabinet-level talks in Geneva on 22 June in bid to avert the sanctions. However, U.S. President Bill Clinton continues to take a hardline stance despite international criticism against the "unilateral measures." His argument is that "since the problem is with the Japanese markets being closed to foreign access, sanctions are a necessary evil to protect free trade."

However, this argument is similar to saying that "it was necessary to drop atomic bombs to end the war."

"In the last 25 years, Japan exported 40 million automobiles to the United States, but the United States only exported 40,000 automobiles to Japan." "In other industrialized nations, the share of imported automobiles is 33-35 percent, but in Japan it is only 4 percent." Being repeatedly bombarded with such figures by the United States, a fair number of Japanese say that "Japan is to be blamed, too." This is the argument that "both sides are to blame."

There are some people who urge that as a "political decision from a broad viewpoint to avert a Japanese-U.S. trade war," Japan should make concessions over such matters as expanding the number of Japanese dealerships handling foreign automobiles and increasing voluntary purchases of foreign auto parts by Japanese automakers.

However, to jump to the conclusion, the true nature of the latest Japanese-U.S. friction over automobile trade actually does not concern the technical problem of the "openness" of the Japanese market. It is really a "fabricated crisis" contrived by the administration of President Clinton, who hopes to get re-elected in 1996.

The reason is that the general American public is unconcerned about the automobile trade issue with Japan, because even though U.S. automakers in Detroit have recently seen their automobile production and sales begin to slow down slightly, the Big Three automakers are enjoying good business, posting an unprecedented, record profit of $13.9 billion last year. Or rather, to say it more accurately, the American people "did not have any" interest until last month when the U.S. Government announced its plan to impose sanctions against Japan.

The current scheme is that Clinton, who believes that the large number of voters in the Midwest states holds the key to his re- election, is attacking Japan in an attempt to somehow ignite the "powder keg" in Detroit, and the Big Three automakers have jumped on the bandwagon in "speculation." One such speculation is "to shut out Japanese automobiles from the U.S. market," and another is "to seal off newly-emerging Asian markets from Japanese automobiles."

However, even if Clinton has the backing of over 70 percent of the American people, he should not forget that his "playing with political fire" could destroy the entire system of the World Trade Organization (WTO).

Hashimoto-Kantor Auto Trade Dispute Discussed

OW2506022295 Tokyo KYODO in English
0147 GMT 25 Jun 95

["News Focus" by William Mallard: "Little Leeway Seen for Kantor, Hashimoto Car Talks"]

[FBIS Transcribed Text] Geneva, June 25 KYODO — Japan and the United States have wheeled out the big guns as the key deadline nears in their auto trade dispute, but the big unanswered question is whether they have any ammunition left.

Vice ministers have tidied up some minor issues and will continue slogging away at the major areas of the dispute before the trade chiefs arrive Monday [26 June] in Geneva for last-chance talks, but officials of both sides say they have not narrowed the yawning gaps on three central issues.

U.S. Trade representative Mickey Kantor and Ryutaro Hashimoto, head of Japan's Ministry of International Trade and Industry (MITI), have been willing to leave the negotiating table at odds before, but this time they meet with a Wednesday deadline for U.S. trade sanctions.

"We have a major program ahead and not much time to make progress," said U.S. Commerce Undersecretary Jeffrey Garten.

The vice ministers, whose meetings here have grown more intensive since Thursday, have toned down the gratuitous verbal salvos and gleeful distortions of each other's positions, but their divisions seem as intractable as ever.

Japan and the U.S. have whittled away all other major differences and signed more than a dozen agreements under a two-year-old bilateral trade "framework," signed by President Bill Clinton and then-Prime Minister Kiichi Miyazawa, leaving only autos and auto parts.

The only problem is that the sector comprises more than half the bilateral trade imbalance, which hit 66 billion dollars last year. Kantor, Hashimoto and their deputies have a few days to resolve the differences that have withstood more than 20 months of negotiation at every level and from every angle.

Disagreement centers on foreign-parts purchases by Japanese carmakers, increasing the number of Japanese dealerships handling foreign cars and deregulating the spare-parts market.

"We're still far apart on the big issues," Garten said.

Yoshihiro Sakamoto, MITI vice minister for international affairs, concurred that "both sides' positions remain far apart."

Washington wants hard numbers to measure increases over time in foreign parts purchases, but Japan rejects them as "numerical targets" that would return to haunt them.

Tokyo also rejects as "numerical targets" American calls to assess increases in dealerships selling foreign cars, through such means as counting outlets or sales contracts.

U.S. dealership demands are "directly related" to U.S. industry plans to quadruple their Japanese outlets to 1,200 by 2000 to sell 300,000 cars a year, said Steve Collins, director of economic and international affairs at the American Automobile Manufacturers Association.

The U.S. also demands Japan separate its auto repair and inspection systems to give foreign replacement parts a chance, but Japan refuses, citing safety concerns.

American negotiators say they need agreement on all three key areas, with no chance of partial deals, and that Wednesday is "set in concrete" as the deadline for 100 percent tariffs to be slapped on 5.9 billion dollars worth of Japanese luxury cars, retroactive to may 20.

Despite the approaching deadline, MITI officials continue to say blithely that the date is an arbitrary one selected by U.S. domestic law and that they do not feel bound by it.

"The international guys (MITI) really think they're right," a senior U.S. official said recently.

MITI officials for their part say Kantor is sorely misreading them if he thinks Japan will crack at the last moment — as it has so often in the past.

Ministry officials acknowledge, however, that Japanese automakers are coming under increasing pressure to announce "voluntary plans," a slew of which have recently been reported in the Japanese media, to show that they will buy more foreign parts.

But MITI officials say the Japanese Government cannot even go so far as to "welcome" such plans or spell out numbers — much less guarantee results.

And U.S. officials say the reported plans for raising overseas production and increasing the locally produced portion of such cars do not go far enough and need some kind of government imprimatur.

Although Atsushi Oi, director of MITI's automotive industry division, said the negotiators have a "full mandate" to cut a deal, officials of both sides say no new proposals are on the table.

But it takes more than a courtesy call to get Kantor, a onetime lawyer and political operative from Tennessee, and Hashimoto, a Japanese fencing expert with ambitions to be prime minister, to lay aside their barely concealed animosity and sit at the same negotiating table.

Perhaps the best hope for the talks is the neutral Swiss venue itself.

It is true Geneva has seen some grandstanding in recent days, such as that of Congressman Sander Levin, a Democrat from the auto- industry stronghold of Michigan, who brandished a universal joint he said he had bought at Joe's Auto Parts on Main Street in his constituency of Royal Oak for 11.46 dollars — barely 1/10th the Tokyo price.

But Geneva has also been the site of some major achievements — "the walk in the woods" by U.S. and Soviet negotiators that paved the way for the strategic arms reduction treaty, negotiations that created the General Agreement on Tariffs and Trade, and the landmark U.S.-North Korea nuclear accord that hopes to erase Pyongyang's suspected weapons program.

Japan and the U.S. must be hoping against hope that some of the spirit of Geneva remains.

Reaction to Hashimoto-Kantor Geneva Auto Talks

Auto Sector: Talks Indispensable

OW2606030595 Tokyo ASAHI SHIMBUN in Japanese 25 Jun 95 Morning Edition p 9

[FBIS Translated Text] There are both rising expectations and anxieties in the auto industry on whether sanctions can be avoided after the decision to hold talks between Ryutaro Hashimoto, minister of international trade and industry, and U.S. Trade Representative Mickey Kantor on 26 June was made.

Even before the vice ministerial talks started, the possibility of "prolonged negotiations" had been reported, and the industry has been closely watching when a cabinet level meeting will be scheduled.

A senior executive of Toyoto Motor Corporation says that, "Ministerial negotiations will be indispensable regardless of whether the talks end in a compromise or a breakdown. I would like to think that the stage is now set toward a compromise."

There is a real possibility that 100-percent custom duties may be imposed on luxury cars retroactive to 20 May under U.S. Government sanctions against Japan. Actual damage is already taking place as all Japanese car manufacturers are being forced to cut production or suspend exports to the United States. There is now a growing clamor for steps to avoid sanctions. Even when faced with reports that the negotiations are experiencing rough sailing, speculation in the auto industry, reflecting its expectation, has been that "rough sailing is a must to enable the U.S. Government to present the results of the negotiations to the American people dramatically."

However, the industry's unanimous opinion is that Kantor holds the key to whether the negotiations will progress in the direction the industry wishes. The five major carmakers have already decided to formulate and announce their operational plans that will lead to an expansion in their purchase of locally made parts in the United States. They claim that "this is the optimum way to effect a breakthrough," and are closely watching the development of the negotiations.

Automakers Reducing Inventories

OW2406074195 Tokyo KYODO in English 0639 GMT 24 Jun 95

[FBIS Transcribed Text] New York, June 24 KYODO — With U.S. sanctions threatened for next week, inventories of Japanese luxury cars on the U.S. market have been gradually declining, industry sources said Friday [23 June].

If no agreement is made in the ongoing vice-ministerial talks in Geneva on the Japan-U.S. auto trade dispute, Japanese carmakers must immediately decide if they will continue exporting their products and if so whether or not to put the newly imposed tariffs on the prices of their products.

The declines in inventories are partly due to reduced exports by carmakers who want to wait for further developments in the talks, as well as an increase in purchases of luxury cars spurred by the threat of sanctions, the sources said.

In late May, the U.S. announced it would slap 100 percent punitive tariffs on 13 Japanese luxury car models unless Japan meets its demands in bilateral auto trade negotiations by June 28.

The tariffs would be retroactive to may 20, and would be worth about 5.9 billion dollars.

The sources said prices for such Japanese cars were expected to be unchanged, even if such tariffs are imposed, for two months because of the inventories of Japanese cars already in the U.S.

However, among the 13 car models named in the preliminary sanctions list by the U.S., inventories of Lexus cars of Toyota Motor Corp. dropped to about 33 days worth of supply by this week from 40 days as of May 1, the sources said.

Inventories of Infiniti cars of Nissan Motor Co. dropped to 60 days from 100 days, for Acura of Honda Motor Co. to 90 days from 110 days, and for Mitsubishi Motors Corp.'s Diamante to 200 days from 240 days, the sources said. The inventory for Mazda Motor Corp.'s Millenia also declined to 100 days from 170 days.

The sources said the decline in inventories was particularly notable for Toyota's Lexus cars, despite additional exports of 8,000 units after May 20. With active buying before a possible price hike, sales of the Lexus LS400, for example, swelled in May to 1.7 times that of a year earlier, they said.

Nissan's Infiniti J30 is also selling well, with monthly sales 2.2 times over that seen a year earlier.

The two makers have not decided on future export plans and prices if punitive tariffs are imposed, according to their officials.

But with low inventory levels they may not have long to decide, the sources said.

Mazda Ready To Announce Plan

OW2406145595 Tokyo ASAHI SHIMBUN in Japanese 24 Jun 95 Morning Edition p 1

[FBIS Translated Text] Mazda Motor Corporation disclosed on 23 June a plan to increase its procurement of foreign-made parts in a bid to avoid U.S. sanctions. Mazda plans to send its staff members in charge of overseas projects to Geneva and put finishing touches on its plan while seeing how Japan-U.S. consultations develop. Four leading auto makers, including Toyota Motor Corporation, are all ready to announce their own plan centered around an increase in the overseas production and the purchase of auto-parts. Mazda's announcement of the plan means that all of the five major auto makers listed on U.S. sanctions list, will take concerted action.

Since Mazda's production in the United States is on the decrease because of lackluster sales, Mazda had formerly said it is difficult to come up with such measures as increasing overseas production. However, if the United States should impose sanctions, Mazda's business would worsen. Therefore it seems that Mazda has concluded that it is wise to keep itself from being hit with sanctions by taking concerted action with the other four major Japanese auto makers.

Makers Hope To Avoid Sanctions

OW2406050495 Tokyo KYODO in English 0342 GMT 24 Jun 95

[FBIS Transcribed Text] Tokyo, June 24 KYODO — Japanese automakers on Saturday [24 June] appeared to be clinging to hope that the U.S. sanctions threatened for next week would be averted with Japanese and U.S. negotiators in Geneva deciding to continue talks on the contentious auto trade dispute.

"I wish we could stop time and allow them (the negotiators) to take more time to strike a deal so the U.S. will not slap sanctions," an official of a major automaker said.

In the meantime, five major Japanese carmakers have prepared plans to boost automobile output at their overseas factories and raise local content of car parts made overseas.

Those plans, made under a scheme dubbed "global vision," are to be announced as soon as a breakthrough is made at the Geneva vice- ministerial talks and the U.S. sanctions are avoided.

An official of another Japanese carmaker said, "we have never seen the situation become so serious." The Japan-U.S. auto trade talks have been going on for over a year and a half.

"In order to act timely (about the announcement of their 'global vision' plans), many automakers have sent officials to Geneva to gather as much information as possible," the officials said.

Dealers Consider Ties to Ford

OW2606090995 Tokyo KYODO in English 0803 GMT 26 Jun 95

["News Focus" by Mutsuo Fukushima: "Hard-Pressed Dealers Ponder Jumping on Ford Bandwagon"]

[FBIS Transcribed Text] Tokyo, June 26 KYODO — Japanese car dealers, whose pretax balances have gradually sunk into the red following the burst "bubble economy," are now wondering if joining the ranks of Ford dealers will help them climb into the black again.

"We have targeted the dealers affiliated with Toyota Motor Corp., Mazda Motor Corp. and Nissan Motor Co.," said Konen Suzuki, president of Ford Motor Co. (Japan) Ltd., the wholly owned marketing subsidiary of Ford Motor Co.

Since Ford Japan started waging a campaign to recruit Japanese dealers in May 1994, it has received offers from 150 to 200 dealerships to sell Fords, alongside those of Japanese carmakers at their showrooms, Suzuki said in an interview with KYODO NEWS SERVICE.

However, concerns about angering their long-affiliated automakers or, in some cases, even pressure from them have scared away many of those dealers from concluding franchise accords with Ford Japan, he said.

"Japanese dealers have come to us expressing desires to sell Fords, but they could not obtain approval to do so from Japanese automakers. In Japan, approval from an automaker is (practically) necessary" before a dealer concludes franchise accords with Ford, he said.

"However, we have concluded a total of 18 franchise agreements and these new dealers are now selling our cars," said Suzuki, adding Nissan and Mazda were cooperative in some cases. The 18 break down into one large Chiba Prefecture-based Toyota dealership, eight Nissan and nine Mazda dealerships.

Before the recruiting campaign began, Ford Japan had run a network of 108 dealerships operated under the marketing channel called Autorama Inc.

The new recruits increased the ranks of Autorama to a team of 126 dealerships with a total of 310 showrooms. Unlike in the United States, a Japanese dealer usually runs multiple sales outlets.

"Now, we have 70 to 80 dealers on our waiting list (out of the 150-200 original applicants)," Suzuki said.

"I told them to wait until our circumstances change" in view of the outcome of ongoing Japan-U.S. trade negotiations, he said.

After hearing from one dealer about intervention from a Japanese carmaker, Suzuki said to him, "Damn it. They told us this. Let's wait, however, as the Japan-U.S. negotiations are still under way. Let them say these things without putting up a fight."

The remainder of the original 150 to 200 applicants include those whose offers were rejected by Ford Japan in view of their "cumulative pretax losses."

Ford Japan sold a total of 17,435 vehicles in fiscal 1994, almost triple the 6,240 scored in the previous year. Of the total, Ford Taurus luxury station wagons accounted for 5,428 due partly to the family recreation boom, followed by Mustangs with 4,563 and Mondeo compact right-hand-drive sedans and wagons at 4,051.

Japanese dealers' flagging profitability, the high yen and "dealer's profit margin of about 20 percent" of a retail price offered by Ford have increased Ford's chances of winning over the hearts of some dealers wary of a cutthroat "discount war" in the new car market, according to dealers and industry sources.

Noriyuki Matsushima, a senior analyst at the Nikko Research Center, said the Ford subsidiary is now giving dealers much higher profit margins than its Japanese competitors "because of the need to build up its network of dealers."

"Now that Ford Japan is seeking to expand its dealership network...they will not be able to expand their network further without offering a fairly big profit margin to would-be dealers, just as they are doing so now," he said.

Industry statistics show the auto industry now faces a burdensome glut of some 4,000 showrooms as a result of aggressive network buildups by Japanese carmakers during the bubble era of the late 1980s, when consumers played the upstart millionaires.

Japan Automobile Dealers Association statistics show the number of showrooms have shot up to 18,577 from 14,972 in a decade since 1985. A record 40.8 percent of dealers suffered a pretax loss in fiscal 1994, they say.

Suzuki says this glut of dealers and their growing wariness about sagging sales and margins, coupled with the high yen and the sight of Ford's rising global business, have created an excellent chance for Detroit to entice dealers into its fold.

However, dealers and auto industry analysts say Detroit's yen- induced advantage and dealers' financial agony alone would not be able to motivate dealers to join the Ford camp at the risk of standing up to their long-affiliated Japanese carmakers.

They say Detroit has to give monthly compensatory aid at least temporarily to money-losing dealers and invest massively in such facilities as parts depots across the nation to dispel the dealers' anxieties about the degree of Detroit's long-term commitment to the Japanese market.

Toshio Nakano, president of Ford Tohnichi Co., a Tokyo Nissan Auto Sales Co.-affiliated dealership that shifted to Ford sales in May 1994, told KYODO his showroom has been losing big money each month since it opened in May 1994.

"My company has allowed Ford Japan to take advantage of our existing large service garage and showroom, so I want them to partially make up for our losses for five years, until our business becomes profitable," Nakano said. He has sold Nissan cars for 30 years before he responded to Ford's recruiting campaign.

"Although my colleague dealers across the nation have contacted me over the phone inquiring about our Ford business, our profitability is not at a level that would enable me to tell my colleagues that I am grateful to Ford," he said.

Relief Measures for Auto Subcontractors Studied

OW2506125695 Tokyo MAINICHI SHIMBUN in Japanese 24 Jun 95 Morning Edition p 9

[FBIS Translated Text] On 23 June, the government started to study measures to rescue auto-related subcontractor companies that will suffer damage if the Japan-U.S. auto talks break down and the U.S.-announced sanctions are put into effect. The rescue measures are expected to concern finance and taxation, like providing loans at ultralow interest rates and extending loan payment periods for small businesses.

The government is trying to find a way out of the sanctions in the vice-ministerial talks in Geneva, but the government thinks that even if the U.S. Government persists in setting numerical targets, Japan should not make an easy compromise. An "easy compromise will only disadvantage industry in the medium and long terms," according to a senior official of the Ministry of International Trade and Industry [MITI].

If the United States imposes 100-percent punitive tariffs on Japanese luxury cars, damage will occur not only to major auto makers but also to the subcontractor companies that provide parts and other materials. The official said the government thinks "rescue measures should be provided" — mainly to subcontractor companies whose business bases are rather fragile — to keep the economic damage and impact to a minimum.

Daily Sheds Light on Aviation Countermeasures

OW2406061095 Tokyo NIHON KEIZAI SHIMBUN in Japanese 22 Jun 95 Morning Edition p 5

[FBIS Translated Text] The U.S. Government has announced a plan to bar two Japanese airlines from transporting air cargoes from five Asian nations via Japan to the United States. The contents of Japan's countermeasures under study by the Ministry of Transport came to light on 21 June. A centerpiece of the countermeasures is to ban U.S. airlines from transporting air cargoes via Japan to six Asian nations, among them Singapore and Taiwan. The countermeasures target two U.S. airlines — Federal Express Corporation and Northwest Airlines — that have fly-on rights to transport air cargoes to other Asian nations via Japan. The ban will affect a maximum of 46 flights for the two U.S. carriers. The Ministry of Transport, which intends to break the deadlock in Japan-U.S. aviation talks at vice-ministerial talks scheduled to be held in early July, will put the countermeasures into practice when the United States imposes sanctions against Japan.

Targeted by the U.S. sanctions are air cargoes that Japanese airlines transport to the United States from five Asian nations via Japan. In response, Japan's countermeasures target air cargoes that the two U.S. airlines transport via Japan to one or two of six Asian nations — Singapore, Taiwan, South Korea, Malaysia, the Philippines, and Thailand. The two U.S. airlines run 54 flights a week to transport air cargoes to other Asian nations via Japan, and the Japanese countermeasures target more than 80 percent of the flights. The U.S. sanctions target only 26 cargo flights by Japanese airlines, and the Japanese countermeasures are tougher than the U.S. sanctions. The Ministry of Transport, however, equates the Japanese countermeasures with the U.S. sanctions, "citing the disparity between transport capabilities of the two countries," (as Transport Minister Kamei says).

At a 21 June news conference, Transport Minister Kamei remarked, "We intend to tenaciously seek to settle the aviation dispute with the United States through talks." But he explicitly stated, "We will of course take countermeasures if the United States goes ahead with its announced sanctions against Japan." While the United States is insisting on the unlimited use of its vested rights, the Ministry of Transport is showing no willingness to yield to the U.S. insistence, claiming, "The Japan-U.S. Aviation Agreement is an unequal accord that contributes to increasing the imbalance." The United States is pressing Japan to make concessions with sanction threats; and for Japan, it is an "established policy" to prepare to counter U.S. sanctions. The Ministry of Transport is believed to be seeking a strategy for settling the aviation dispute through talks, by taking a hard-line stance.

The United States has named Japan Airlines and Nippon Cargo Airlines (NCA) as the Japanese carriers targeted for sanctions. In response, Japan has cited Federal Express Corporation and Northwest Airlines. The prevailing view in the U.S. aviation industry is that "it is not desirable that the two nations exchange sanctions as a result of excessive demands by Federal Express Corporation on Japan, and the exchange of sanctions will cause trouble for the aviation industries of both nations." The U.S. Government will make a final decision on the sanctions by 14 July, after hearing the opinions of the U.S. airlines involved. It seems that the Ministry of Transport is studying the countermeasures with the aim of heightening tensions between the aviation industries of the two nations to the point where they will ask the Japanese and U.S. Governments to prevent the adverse impact the exchange of sanctions will have on them.

Tokyo To Join U.S. 'Energy Star' Program

OW2606093395 Tokyo KYODO in English 0840 GMT 26 Jun 95

[FBIS Transcribed Text] Tokyo, July 26 KYODO — Japan's Ministry of International Trade and Industry (MITI) and the U.S. Environmental Protection Agency have agreed to cooperate in promoting the use of energy-conserving office equipment, the ministry said Monday [26 June].

Japan will join the U.S. "Energy Star" program, possibly in October, and will urge the use of office machines designated as energy conservation-oriented, MITI said.

Both parties cited the need to promote international harmonization in energy conservation policy by setting unified standards for office equipment amid fears of a deteriorating global environment, MITI said.

The accord, struck last week between the U.S. agency and the Natural Resources and Energy Agency, a MITI sub-unit, will cover facsimile machines, copiers, computers and their peripherals.

It will enable mutual recognition of standards and certification of office machines.

The European Union is also considering taking part in the program, launched in the U.S. in 1993, MITI officials said.

At present, about 50 percent of Japanese office equipment meets the standards set under the U.S. program.

U.S. Call for More Outlays for Troops Rejected

OW2606094995 Tokyo KYODO in English
0933 GMT 26 Jun 95

[FBIS Transcribed Text] Tokyo, June 26 KYODO — A top Defense Agency official Monday [26 June] rejected a U.S. call for more outlays for U.S. troops stationed in Japan, an agency official said.

"It's difficult to raise spending for U.S. troops stationed in Japan in view of an austere budget on defense spending as a whole," Vice Minister for Defense Agency Naoaki Murata was quoted as telling Edwin Dorn, undersecretary of defense for personnel and readiness.

Dorn told Murata that the U.S. Congress is closely watching Japanese defense spending for U.S. troops stationed in Japan under the bilateral security pact, the official said.

Under the treaty, the U.S. in principle is required to shoulder the cost of maintaining U.S. troops in Japan, but since fiscal 1978 Japan has partly borne the cost.

In fiscal 1995, a total of 271.4 billion yen is being set aside for the 40,000 U.S. troops stationed in Japan, a 10-fold jump over fiscal 1979.

U.S. Defense Secretary William Perry has called on Japan to pay more for the U.S. troops, but Defense Agency chief Tokuichiro Tamazawa turned down the U.S. request in May when he met with Perry in Washington.

On other topics, Murata briefed Dorn on a planned introduction of a reserve system for the Ground Self-Defense Force (GSDF) to make up for a cut in the GSDF personnel under a new national defense plan, the official said.

Murata asked for U.S. support for the system and Dorn promised to give it, the official said.

It is the first time that the agency has made it clear the planned reserve system will be a U.S.-style one.

Dorn is visiting Japan for the first time to observe U.S. bases in Japan.

Tokyo, Pyongyang To Seek Early Rice Accord

OW2406002895 Tokyo KYODO in English
0012 GMT 24 Jun 95

[FBIS Transcribed Text] Tokyo, June 24 KYODO — North Korean and Japanese officials agreed Friday [23 June] night to seek an agreement on rice aid to North Korea during two days of talks slated for Saturday and Sunday.

Yi Chong-hyok, vice chairman of North Korea's Asia-Pacific Peace Committee, expressed hope in a meeting with senior Japanese Government officials and politicians that Japan will provide rice as grant-in-aid to Pyongyang, Japanese officials said.

Japanese participants in the meeting at a Tokyo hotel included Kosuke Hori, deputy chairman of the Policy Affairs Research Council of the ruling Liberal Democratic Party (LDP), Yutaka Kawashima, director general of the Asian Affairs Bureau of the Foreign Ministry, and Hirofumi Ueno, head of the Food Agency.

Li, head of the North Korean mission, also hinted that North Korea is ready to discuss resuming the stalled normalization talks with Japan at the two-day talks. "Issues involving bilateral relations will be discussed intensively," he was quoted as saying.

The North Korean delegation is scheduled to meet Saturday with Foreign Ministry and Food Agency officials to work out how much rice will be provided to North Korea, which admitted last month to crop shortage in recent years.

Earlier the same day, the Japanese Government confirmed its basic position for rice talks with North Korea, government sources said. Japan is ready to provide up to 300,000 tons of rice and to consider giving part of the rice free of charge, the sources said.

The Japanese Government plans to provide the rice to North Korea under a long-term repayment plan, they said.

The Foreign Ministry insists that Japan should not offer North Korea more than 150,000 tons of rice free of charge, in view of South Korea's announcement that it will provide Pyongyang with 150,000 tons of rice, with no payment required, the sources said.

The normalization talks with North Korea have been suspended since November 1992. The Japanese Government hopes the rice talks with Pyongyang will facilitate the resumption of the stalled talks, the sources said.

First Day of Working-Level Talks

OW2406055195 Tokyo KYODO in English
0538 GMT 24 Jun 95

[FBIS Transcribed Text] Tokyo, June 24 KYODO — North Korean and Japanese officials ended "in a positive" tone the first day of two-day working-level talks Saturday [24 June] afternoon to discuss Japan's supply of rice to north Korea, a Foreign Ministry official said.

Japanese and North Korean officials agreed to meet again at 10 a.m. Sunday, the official said.

The official, who attended the talks at a Tokyo hotel, said the meeting was conducted in "a positive atmosphere" and that "constructive" discussions were held.

But he declined to disclose the contents of the meeting, which lasted two and a half hours.

The North Korean delegation headed by Yi Chong-hyok, vice chairman of North Korea's Asia-Pacific Peace Committee, and Japanese officials from the Foreign Ministry and the Food Agency attended the talks to work out how much rice is to be provided to North Korea and under what conditions.

The Japanese side included Yutaka Kawashima, director general of the Asian Affairs Bureau of the Foreign Ministry, and Hirofumi Ueno, head of the Food Agency.

Japanese and North Korean officials are likely to formally reach an agreement on Monday, when the North Korean delegation meets with Japanese politicians from the ruling coalition parties.

The two sides are expected to issue a document on their agreement.

North Korea requested Japan supply rice in may when trade officials visited Japan, citing food shortage caused by bad weather.

Japanese Government officials have indicated they are ready to provide North Koreans up to 300,000 tons of rice.

The government is considering offering the rice under a long-term repayment plan or giving part of it free of charge, government sources said.

Foreign Ministry sources have said Japan should not offer North Korea more than 150,000 tons of rice free of charge because South Korea has already announced that would provide Pyongyang with 150,000 tons of rice free of charge.

In consultations Friday night, North Korean delegates and senior Japanese Government officials and politicians agreed to seek settlement of the issue during two days of working-level talks Saturday and Sunday.

Yi reportedly expressed hope that Japan would provide the rice in grant-in-aid.

Yi also hinted that North Korea is ready to discuss resuming stalled normalization talks with Japan during the delegation's stay in the country.

"During our stay in Japan, the contents of the March agreement could be discussed and issues involving bilateral relations, including the rice problem, will be discussed intensively," Yi said.

Japanese ruling coalition parties and the Workers Party of (North) Korea agreed in March in Pyongyang that the two sides will urge the governments to resume bilateral negotiations to normalize relations, which have not been held since November 1992.

The Japanese Government hopes the rice talks with Pyongyang will facilitate resumption of the stalled talks, sources said.

DPRK Request Snags 2d Day Talks

OW2506125395 Tokyo KYODO in English 1237 GMT 25 Jun 95

[FBIS Transcribed Text] Tokyo, June 25 KYODO — Japanese and North Korean officials continued Sunday [25 June] to strive toward ironing out differences over Japan's rice aid for North Korea.

The two sides opened their second day of working-level talks Sunday morning at a Tokyo hotel, but the meeting was suspended after the morning session.

Government sources said Japan repeated its position during the session that it would provide 300,000 tons of rice to the North, which admitted it is suffering from a food shortage.

Japan wants to provide rice under a 10-year repayment plan with an interest rate of 2 to 3 percent and give away part of it at no cost, the sources said.

The North Korean delegation, however, is reportedly urging Japan to provide about 1 million ton of rice.

A high-ranking Japanese Government source said Saturday that North Korea is requesting a "quite large" quantity of rice but declined to disclose the exact figure.

Japan and North Korea have also to narrow their differences on the method of supplying the rice, the source said.

The source also said North Korea has asked South Korea to provide 3 million tons of rice, contrary to the 1 million ton previously reported.

Foreign Ministry sources said it is difficult for Japan to extend more than 300,000 tons of rice and that Japan has not changed its position on the matter.

A senior Foreign Ministry official indicated that the matter will now be settled at a high political level, saying it cannot be decided at a working-level anymore.

After the morning session, Yi Chong-hyok, the head of the North Korean delegation, told reporters the talks are proceeding well.

But he declined to comment on the volume of proposed Japanese rice shipments other than to say that the two countries agreed not to discuss the quantity in public.

Yi is vice chairman of North Korea's Asia-Pacific Peace Committee.

Japanese and North Korean officials are expected to strike a deal by Monday, when the North Korean delegation meets Japanese politicians from the ruling parties, including senior Liberal Democratic Party official and former Foreign Minister Michio Watanabe.

The Japanese Government hopes the rice talks with Pyongyang will help reopen dialogue on the normalization of relations between the two countries, which currently do not have diplomatic relations.

Talks To Continue 26 Jun

OW2506133195 Tokyo KYODO in English
1313 GMT 25 Jun 95

[FBIS Transcribed Excerpt] Tokyo, June 25 KYODO — Japanese and North Korean officials, failing to iron out differences on Sunday [25 June], will reopen talks on Monday in a bid to strike a deal on Japan's rice aid to north korea, a Foreign Ministry official said.

The two sides are likely to hold the third round of working-level talks Monday afternoon, the official said.

Prior to the meeting, the North Korean delegation will meet Japanese politicians from the ruling parties, including former Foreign Minister Michio Watanabe, a senior Liberal Democratic Party official who headed the coalition's mission to North Korea in March.

The North Korean delegation, headed by Yi Chong-hyok, has been in Japan since Friday night and is expected to leave Japan on Tuesday.

The Foreign Ministry official expressed hope that the two sides will reach an agreement before the delegation leaves, saying Japan hopes to wrap up the talks on the rice aid as soon as possible.

Earlier in the day, the Japanese and North Korean officials held the second round of working-level talks at a Tokyo hotel but suspended the talks after the morning session.

The Japanese side included Yutaka Kawashima, director general of the ministry's Asian Affairs Bureau, and Hirofuki Ueno, head of the Food Agency.

The official who attended Sunday's talks refused to disclose the contents of the morning session. [passage omitted covered in referent items]

Ministers Compromise on DPRK Rice Aid

OW2606072595 Tokyo KYODO in English
0704 GMT 26 Jun 95

[FBIS Transcribed Text] Tokyo, June 26 KYODO — Government ministers and ruling coalition party leaders Monday [26 June] agreed on a compromise plan for emergency rice aid to North Korea with some addition to the 300,000 tons of rice Japan has already offered.

Prime Minister Tomiichi Murayama came up with the new proposals in a meeting with Foreign Minister Yohei Kono, Finance Minister Masayoshi Takemura and Agriculture, Forestry and Fisheries Minister Taichiro Okawara.

How much the additional supply of rice will be has not yet been decided, coalition sources said.

The compromise proposals also include a commitment to increasing Japan's grant in aid to Pyongyang, the sources said.

Top government and ruling coalition officials earlier agreed to make a final decision on the rice aid in two days, including whether it should be provided free of charge.

The ruling coalition is formed by Murayama's Social Democratic Party, Kono's Liberal Democratic Party and Takemura's New Party Sakigake.

The government previously proposed a rice supply of up to 300,000 tons to help alleviate the reported harsh food shortage in North Korea.

The supply, partly gratis, should be paid with an annual interest rate between 2 to 3 percent after a 10-year grace period, according to the previous plan.

The working-level talks with North Korea to work out the details hit a snag, however, after Pyongyang requested a sharp increase in the amount and different repayment conditions.

Meanwhile, Murayama denied North Korean claims that it has made a "secret contract" with Japan for 1 million tons of rice, telling reporters at his residence that it "never even came up in conversation."

Tokyo To Offer 400,000 Tons

OW2606113795 Tokyo KYODO in English
1048 GMT 26 Jun 95

[FBIS Transcribed Text] Tokyo, June 26 KYODO — Japan will offer about 400,000 tons of rice to North Korea, adding 100,000 tons to the previously offered amount, in a bid to end the politically sensitive issue of rice aid to Pyongyang, government sources said Monday [26 June].

The sources said the decision to increase the rice supply came as a compromise in response to North Korea's demand for 1 million tons of rice.

Japan's rice supply to help alleviate North Korea's severe food shortage will include gratuitous aid of up to 150,000 tons, also a compromise from the previous government position that Pyongyang should pay for most of the rice, the sources said.

Prime Minister Tomiichi Murayama agreed to the increase in a meeting with Foreign Minister Yohei Kono, Finance Minister Masayoshi Takemura and Agriculture, Forestry and Fisheries Minister Taichiro Okawara, the sources said.

A visiting North Korean delegation for negotiations on the issue earlier requested 1 million tons of rice, with 300,000 tons as gratuitous aid and 700,000 tons loaned at low interest rates, the sources said.

They made the request in a meeting with Japanese politicians from the ruling parties, including former Foreign Minister Michio Watanabe, a senior Liberal Democratic Party official who headed the coalition's mission to North Korea in March.

A top government official said the gratis part of the rice aid will not be more than 150,000 tons, the amount South Korea has decided to offer to North Korea free of charge.

Vice Foreign Minister Kunihiko Saito, however, told a press conference that the amount could exceed 150,000 tons.

Saito said the government has instructed related ministries and agencies to study ways to provide the rice to North Korea. Since Tokyo has no diplomatic ties with Pyongyang, it will be "difficult" to offer rice using Official Development Assistance (ODA), he said, but added other ways would be considered.

Some possible alternatives include offering free rice through such international bodies as the International Red Cross, the World Food Program and the UN Food and Agriculture Organization, according to the government sources.

The North Korean delegation, headed by Yi Chong-hyok, has been in Japan since Friday night and is expected to leave Tuesday.

The government previously proposed a rice supply of up to 300,000 tons to help counter the food shortage in North Korea.

The supply should be paid for at an annual interest rate of between 2 to 3 percent with a 10-year grace period, according to the previous plan.

The working-level talks with North Korea to work out the details hit a snag after Pyongyang requested a sharp increase in the amount and different repayment conditions.

The main opposition Shinshinto (New Frontier Party) issued a statement calling on the government to make sure that the rice to be provided to North Korea will not be used for the military.

The aid should be supplied "only for civilian use from a humanitarian point of view," said the statement.

Watanabe said in a speech in Gifu that South Korea has offered to send 1 million tons of rice to North Korea and urged an early political decision by the Japanese Government.

Watanabe also said South Korea will have to procure rice from somewhere since it has no large surplus to supply to North Korea.

DPRK Seeks 'Quite Large' Amount of Rice Aid

OW2406113895 Tokyo KYODO in English 1116 GMT 24 Jun 95

[By Miu Oikawa Dieter]

[FBIS Transcribed Text] Tokyo, June 24 KYODO — North Korea is requesting Japan to provide rice in far greater amounts than the 300,000 tons Japan is planning to offer, a higly placed government source indicated Saturday [24 June].

The request came during the first of two days of working-level talks between Japanese and North Korean officials at a Tokyo hotel to discuss Japan's rice aid to North Korea.

The source said the amount of rice North Korea is requesting is "quite large," but he declined to disclose the specific quantity.

The source also said North Korea has asked South Korea to provide 3 million tons of rice, instead of 1 million tons as reported earlier.

Japanese Government officials earlier indicated that Japan is ready to provide North Korea with up to 300,000 tons of rice under a long-term repayment plan or give away part of it at no cost.

Foreign Ministry sources have said Japan should not offer North Korea more than 150,000 tons of rice free of charge in view of South Korea's announcement that it will provide Pyongyang with 150,000 tons of rice with no payment required.

The government source told a group of reporters that North Korea and Japan have yet to iron out their differences over the method of providing rice to Pyongyang.

Touching on the stalled shipment of South Korean rice to North Korea, the source said it will be difficult for Japan to provide rice to North Korea under such circumstances.

A Foreign Ministry official said Saturday's working-level talks between Japanese and North Korean officials ended in a "positive" tone, with the two sides agreeing to meet again at 10 a.m. Sunday.

The official, who attended the talks, said the two sides were able to hold "constructive" discussions during the meeting which lasted about two and a half hours. But he declined to disclose the contents of the meeting.

The North Korean delegation headed by Yi Chong-hyok, vice chairman of North Korea's Asia-Pacific Peace Committee, and Japanese officials from the Foreign Ministry and the Food Agency attended the talks to work out the quantity of rice to be provided to North Korea and under what conditions.

The Japanese side included Yutaka Kawashima, director general of the ministry's Asian Affairs Bureau, and Hirofumi Ueno, head of the Food Agency.

Japanese and North Korean officials are likely to formally reach an agreement Monday when the North Korean delegation meets Japanese politicians from the ruling coalition parties.

The two sides are expected to issue a document on their agreement.

North Korea first requested rice from Japan in May when trade officials visited Japan, citing food shortages caused by bad weather.

In consultations Friday night, the North Korean delegates, and senior Japanese Government officials and politicians agreed to work toward settling the issue during two days of working-level talks Saturday and Sunday.

Yi reportedly expressed hope that Japan will provide the rice as grant-in-aid.

Yi also hinted that North Korea is ready to discuss resuming stalled normalization talks with Japan during the delegation's visit, government sources said..

"During our stay in Japan, the contents of the March agreement could be discussed and issues involving bilateral relations, including the rice problem, will be discussed intensely," Yi was quoted as saying.

Japan's three ruling coalition parties and the Workers Party of (North) Korea agreed in March in Pyongyang that the two sides will urge their governments to resume bilateral negotiations to normalize relations, which have not been held since November 1992.

The Japanese Government hopes the rice talks with Pyongyang will facilitate resumption of the stalled talks, the sources said.

Official on Amount of Rice Aid to DPRK

OW2606101095 Tokyo KYODO in English 0852 GMT 26 Jun 95

[FBIS Transcribed Text] Tokyo, June 26 KYODO — A high-ranking official of the farm ministry said Monday [26 June] Japan is unlikely to ship to North Korea over 780,000 tons of rice, the amount of the stockpile set aside for emergency cases.

Toshihiko Tsuruoka, vice minister of agriculture, forestry and fisheries, told reporters that the ministry has no plan to ship 1 million tons of rice in emergency aid to North Korea, as has been requested.

Japan has set aside 780,000 tons of imported rice for emergency cases as of the end of May.

Referring to a delay in rice growing this year, Tsuruoka said rice growing will depend on weather conditions, particularly after around July 10.

"We had the unexpected experience of cold summer, long rain and shortage of sunshine in 1993. The ministry wants to provide adequate instructions to farmers at each stage of rice production," he said.

Igarashi Denies Pledging 1 Million Tons of Rice

OW2606124595 Tokyo Asahi Newstar Television Network in Japanese 0252 GMT 26 Jun 95

[Question-and-answer session at a news conference held by Chief Cabinet Secretary Kozo Igarashi at the Prime Minister's Official Residence on the morning of 26 June — recorded]

[FBIS Translated Excerpt] [Unidentified reporter] Regarding rice aid to North Korea, the DPRK is asking for 1 million tons of rice. What do you say?

[Igarashi] Some newspapers reported that the ruling parties have pledged 1 million tons of rice. Using common sense, this cannot be possible. There are, of course, countries where political parties and the government are not separate from each other, but this is not the case in Japan. It is impossible for the ruling parties to pledge so much rice on their own. For sure, the government has not heard about this. I think this is improbable.

Regarding the rice issue, Japanese bureaucrats led by Yutaka Kawashima, director general of the Asian Affairs Bureau [of the Foreign Ministry], and the North Korean delegation headed by Mr. Yi Chong-hyok held discussions 24-25 June. Negotiations will resume this afternoon.

This morning starting at 1030 am, discussions are being held between representatives of the three ruling parties and the North Korean mission. At noon today, there is also going to be a meeting of government and ruling parties leaders. I think the discussions [between the ruling parties and North Korea] will be concluded before the noon meeting.

We would like to see an agreement on the general direction as soon as possible. [passage omitted]

Resumed Normalization Talks With DPRK Sought

OW2406025195 Tokyo NIHON KEIZAI SHIMBUN in Japanese 22 Jun 95 Morning Edition p 2

[FBIS Translated Text] A final agreement reached between North and South Korea on the supply of rice to Pyongyang is expected to precipitate an early resumption of the Japan-North Korea normalization talks that have remained stalled since November 1992. The settlement of the issue of supplying light-water reactors to Pyongyang at U.S.-North Korea talks and the supply of rice by both South Korea and Japan to Pyongyang will combine to work positively for the resumption of Japan-North Korea normalization talks. The government will immediately hold working-level talks with North Korea on when, how much and how Japan should supply rice to Pyongyang. The government also plans to seek an early agreement with North Korea on where and when to resume the stalled normalization talks.

Japan plans to reach a basic agreement with North Korea on a general framework for its supply of rice to Pyongyang, but South Korea is wary of "Japan's unilateral rush to aid North Korea." It remains uncertain how hard North Korea will work to resume the stalled North-South dialogue; for this reason, both Japan and North Korea are expected to go through twists and turns before they reach a final agreement.

As future steps necessary for Japan's supply of rice to Pyongyang, 1) leaders of the government and ruling parties will hold an emergency meeting to decide formally on Japan's supply of rice to Pyongyang; 2) after that decision, Prime Minister Murayama will ask the ruling parties to arrange working-level talks with North Korea, and the ruling parties will extend an invitation in the names of policy officials to North Korean officials to visit Japan. Yi Chong-hyuk, vice chairman of the Committee for Peace in Asia and the Pacific, who is in charge of negotiations with Japan, is waiting in Beijing for notice from Japan. He is said to be "informally accepting Japan's call" for negotiations in Tokyo.

With regard to the specific method of supplying rice to North Korea, exporting rice to North Korea on "deferred payments" is under coordination within the government. The government's position is that "it is difficult for Japan to provide Official Development Assistance (ODA) to North Korea, with which it has no diplomatic relations," as Yohei Kono, deputy prime minister and foreign minister, has said. Taichiro Okawara, minister of agriculture, forestry and fisheries, once said, "As for the method of supplying rice to North Korea, there are two choices under the law now in force: Japan lends rice to North Korea, or it sells rice on deferred payments."

If Japan lends rice to North Korea, that country is required to repay rice to Japan. This method may disrupt the balance in the supply and demand of rice in Japan. The method of deferred repayments is possible under the Provisional Measure on the Sale and Delivery of Rice to Foreign Governments, enacted in 1970. The law allows the recipients of Japan's rice to repay it in cash for a maximum of 30 years. The government and the ruling parties have judged the method as "suitable for the situation in North Korea, whose economy is in a mess" (according to a senior member of the ruling Liberal Democratic Party).

As of the end of May, Japan had a stock of about 750,000 tons of rice imported from abroad. Minister Okawara has said, "At least 300,000 tons of rice out of that stock can be delivered to North Korea." Other government officials expect that "Japan would be able to export as much as 500,000 tons of rice to North Korea." The government is prepared to supply about 300,000 tons of rice to Pyongyang, pending coordination of opinions among policy officials in in the Foreign Ministry; the Agriculture, Forestry, and Fisheries Ministry; and the ruling parties.

DPRK Move To Scrap Armistice Termed 'Surprise'

OW2406073795 Tokyo KYODO in English 0700 GMT 24 Jun 95

[FBIS Transcribed Text] Tokyo, June 24 KYODO — Japan expressed surprise Saturday [24 June] over North Korea's announcement that it would scrap the Korean

Armistice agreement, which ended the 1950- 53 Korea War, and said it will closely monitor developments.

"We want to carefully watch developments," said a senior Foreign Ministry official on condition of anonymity.

Pyongyang's announcement that it would scrap the armistice agreement came as Japanese and North Korean officials discuss Japan's rice aid to the communist country.

The official said, however, that Japan's planned rice aid to the communist state will not be affected by the latest incident.

Japan has not yet detected any military activities on the Korean peninsula following Pyongyang's announcement that it will scrap the armistice agreement, he said.

Japan plans to maintain close contact with the United States and South Korea on the matter, he said.

The official said the move was a surprise although North Korea has been insisting on scrapping the armistice treaty and replacing it with a peace treaty.

Another ministry official said that with the scrapping of the agreement, the Korean peninsula, legally speaking, returns to a warring state.

"Theoretically, (the scrapping of the armistice accord) is not a move toward easing tensions on the peninsula," he said, but he added that further information is necessary to analyze the situation.

Tokyo, Beijing Begin Environmental Talks

OW2606103595 Tokyo KYODO in English
1010 GMT 26 Jun 95

[FBIS Transcribed Text] Beijing, June 26 KYODO — A high-level Japanese environmental delegation began talks Monday [26 June] with China's National Environmental Protection Agency (NEPA) on a medium and long-range strategy for cooperation in areas of environmental protection, NEPA officials said.

The delegation, headed by former Japanese Ambassador to China Hiroshi Hashimoto, will study how to better implement Tokyo's recent decision to direct more of its Overseas Development Assistance toward environment-related projects.

According to NEPA's 1994 annual report on the environment, released late last month, there are many areas in which cooperation is badly needed, especially in the areas of air and water pollution, the officials said.

Air quality in China remains far below World Health Organization standards, the report said.

The main cause of China's air pollution, including sulphur dioxide emissions, the leading cause of acid rain, is the burning of coal, which is the main source of both the country's electricity and heating, the NEPA officials said, adding that investment funds for coal washing facilities and clean coal technology are sorely lacking.

Japan will offer China 580 billion yen in low-interest development loans in the fiscal years 1996-1998 for some 40 infrastructure projects of which 15 will be environment related. Future loan packages are expected to continue to be channelled to projects dealing with the environment.

Shinshinto Mission Leaves for PRC 22 Jun

OW2206033195 Tokyo KYODO in English
0250 GMT 22 Jun 95

[FBIS Transcribed Text] Tokyo, June 22 KYODO — A mission from the main opposition Shinshinto (New Frontier Party) left for China on Thursday for meetings with top Chinese Communist Party officials.

Former Farm Minister Michihiko Kano, who serves as the party's foreign policy chief, is leading the mission which has been invited by the Chinese party.

Shinshinto leader and former Prime Minister Toshiki Kaifu is scheduled to arrive in Beijing on Friday to join the delegation in a series of meetings, including a meeting with Chinese Communist Party chief Jiang Zemin on Saturday.

Stanley Co., PRC Begin Automotives Venture

OW2606084195 Tokyo KYODO in English
0813 GMT 26 Jun 95

[FBIS Transcribed Text] Tokyo, June 26 KYODO — Major Japanese electrical equipment maker Stanley Electric Co. said Monday [26 June] it has launched an automobile parts manufacturing venture in China.

The Tokyo-based company said the project, launched in Tianjin with the municipal government, will produce electric lamps and electronic devices for automobiles and motorcycles.

The new company, Tianjin Stanley Electric Corp., will start operating in September next year with initial-year sales estimated at 400 million yen, which will be raised to 5.5 billion yen in the year 2000, the company said.

The venture is 85 percent owned by Stanley Electric, 5.0 percent by the Tianjin Municipal Government and 10 percent by a Hong Kong- based investment company affiliated with Nomura Securities Co.

The company signed a technical cooperation agreement with an auto parts company in Guangzhou, Guangdong Province, in August last year. It has also applied for approval of its venture in Chongqing, Sichuan Province, the company said.

Honda To Open Auto Training Centers in PRC

OW2606034295 Tokyo KYODO in English
0258 GMT 26 Jun 95

[FBIS Transcribed Text] Tokyo, June 26 KYODO — A Honda Motor Co. subsidiary plans to open three training centers in China to expand its automobile technical service capabilities, Honda announced Monday [26 June].

The exclusive service-training centers on Honda automobiles will be opened by the Hong Kong-based Honda Motor (China) Co. in Shanghai this month, in Beijing next month and in Guangzhou in October, the Japanese automaker said.

Technical service training on Honda automobiles currently is being conducted at 17 Chinese auto-service shops under contracts with Honda.

Honda already has four technical service-training centers for motorcycles in China.

Tokyo Secretly Sends Envoy to Taipei on APEC

OW2606115195 Tokyo KYODO in English
1104 GMT 26 Jun 95

[FBIS Transcribed Text] Tokyo, June 26 KYODO — The government clandestinely sent an ambassadorial emissary to Taiwan earlier this month, the highest-ranking official since Tokyo severed diplomatic ties with Taipei in 1972, government sources said Monday [26 June].

Ambassador Extraordinary and Plenipotentiary Katsuhisa Uchida was sent to the Taipei Government June 17 for talks with the Taiwanese Foreign Ministry's senior official in charge of Asia-Pacific Economic Cooperation (APEC) forum affairs, the sources said.

His contact with the Taipei government represented the first at an ambassadorial level since the break in diplomatic relations, they said.

In 1993 the Chinese Government reacted sharply to a visit to Taiwan by two Japanese director generals of the Ministry of International Trade and Industry, blasting Japan for sending senior officials to Taiwan whose sovereignty Beijing does not recognize. Beijing regards Taiwan as a rebellious breakaway province of the Mainland China.

Uchida, a former Japanese ambassador to Israel, held talks with the senior Taiwanese official June 19 to make preparations for a meeting in Osaka of the leaders of APEC member nations scheduled for November, they said.

Japan, as the host nation of the Osaka meeting, is now trying to iron out the members' differences to compile a set of agreed directives on government actions the members should take in a bid to liberalize trade and investment by the agreed-upon target year of 2020.

In recent months, Foreign Ministry and MITI officials have visited APEC member nations to discuss differences in advance to expedite work on compiling the directives during a meeting of senior working-level officials scheduled for July in Sapporo, they said.

A Foreign Ministry official defended Uchida's visit to Taiwan, saying, "it is impossible for Japan to forgo visiting Taiwan only, as our officials have visited other APEC member nations and territories as the host nation of this year's APEC meeting."

The talks between Uchida and the Taiwanese official did not touch on a possible visit to Japan by Taiwanese President Li Teng-hui or other top officials, and revolved around the APEC action guidelines, the official said.

Murayama To Consider 2d Supplementary Budget

OW2406103195 Tokyo KYODO in English
1000 GMT 24 Jun 95

[FBIS Transcribed Text] Tokyo, June 24 KYODO — Prime Minister Tomiichi Murayama said Saturday [24 June] he will consider drawing up a second supplementary budget for the current fiscal year after checking the development of economic trends.

Murayama told reporters that he believes the three ruling coalition parties — the Liberal Democratic Party, the Social Democratic Party (SDP) [Social Democratic Party of Japan — SDPJ] and New Party Sakigake [Harbinger] — are mulling over the extra budget.

He said his administration has worked out various economic pump- priming measures to cope with the recent strong yen, pointing to the fiscal 1995 budget and the first supplementary budget as well as the planned front-loading of public works spending.

"I want to decide on the second extra budget after looking at the impact such measures would have on the economy," Murayama said.

Murayama's remarks were in response to remarks by Wataru Kubo, secretary general of the SDP, that he hopes a second extra budget would be passed in an extraordinary Diet session to be held after the House of Councillors election in late July.

Tax Council Head Discusses Tax System Reform

OW2406141895 Tokyo Asahi Newstar Television Network in Japanese 0915 GMT 23 Jun 95

[Briefing by Kan Kato, chairman of the Tax System Research Council of the government, on the council's discussion on tax reform at a news conference held at the Ministry of Finance in Tokyo on the afternoon of 23 June with unidentified domestic reporters — recorded: from "Flash Report and News Conference" program]

[FBIS Translated Excerpt] [Kato] Today, our council held its fifth meeting. Our discussion focused on problems involving the imposition of the corporate tax. Various views were voiced at the meeting. I would like to sum up what was discussed.

First, the council has already set a basic direction for the government to lower the tax rate while expanding the tax base. Our council should review the current tax system in line with this basic direction. For example, the tax base includes the retirement payments and other many tax sources. At the meeting, one participant insisted that the role played so far by the tax base should be verified and reviewed. Another participant stressed the need for the council to discuss ways to reform the current tax system from the standpoint of its neutrality. Another participant emphasized the need to review the current preferential treatment for industry and the economy to precipitate the founding of venture businesses. Another participant called on both the central and local governments to lower their corporate tax rates to bolster the international competitiveness and vitality of Japanese enterprises. Another participant stressed that the government should consider the effects of an expanded taxn base on society and the economy when it considers expanding the tax base, and the council needs to discuss ways to expand tax base with ample time devoted to it. [Passage omitted]

Kubo Urges Tax Cuts, Early 2d Extra Budget

OW2406053795 Tokyo KYODO in English 0518 GMT 24 Jun 95

[FBIS Transcribed Text] Kagoshima, Japan, June 24 KYODO — A top Social Democratic Party (SDP) [of Japan, SDPJ] lawmaker Saturday [24 June] called for continued tax cuts for the next fiscal year and early passage of a second supplementary budget for the current fiscal year to put the economy on a firm recovery path.

SDP Secretary General Wataru Kubo said that, in addition to the planned front loading of public works spending, he hopes the new extra budget will be passed through an extraordinary Diet session, to be held after the House of Councillors election in July, to boost the faltering economy.

Kubo also told a press conference the government of Prime Minister Tomiichi Murayama will not survive if the premier's SDP suffers a poor outcome in the House of Councillors election.

For Murayama to remain at the helm, the three ruling coalition parties should obtain a combined majority of seats in the upper house poll, while the SDP should secure about 22 seats, the same number garnered three years ago, he said.

"If the results are not satisfactory, the party head won't be able to avoid taking responsibility," he said. He added, however, that the SDP wants to maintain the current ruling coalition with the Liberal Democratic Party (LDP) and new party Sakigake even if Murayama steps down.

He criticized some members of the LDP who want Murayama to remain in office even if the SDP suffers a big defeat in the election.

Murayama should decide on the issue on his own assessment of the election results, Kubo said.

Kubo said that the reductions in income and residential taxes worth 2 trillion yen, implemented for the current fiscal year, should remain in place in the next fiscal year starting in April 1996.

Kubo said he is looking for an agreement over the tax cuts with the coalition partners.

The tax cuts are included in the SDP's proposals for providing a thrust to the economy and reforming the economic structure that Kubo announced in the press briefing.

The proposals contain a "program for creating a new Japan," with the building of a new capital and infrastructure as the centerpiece.

The party calls for considering the issuance of government bonds to finance only programs for establishing infrastructure for the future.

It also recommended setting up a special Diet research committee to handle the massive bad loans held by Japanese financial institutions which are putting a heavy drain on the overall economy.

The proposal for relocating the capital calls for the location to be in a city that eventually reaches a population of 600,000 and that is a model in terms of disaster prevention, environment and scenery, according to the SDP.

Hitachi Zosen Head Advises Setting Numerical Targets

OW2406141995 Tokyo NIHON KEIZAI SHIMBUN in Japanese 23 Jun 95 Morning Edition p 11

[FBIS Translated Text] Yoshihiro Fujii, president of Hitachi Zosen Corporation and who has recently assumed the presidency of the Japan Shipbuilding Industry Association, held a news conference at a Tokyo hotel on 22 June. During the news conference, Fujii indicated that "Japan needs to set macronumerical targets to cut its trade surplus." The Japanese shipbuilding industry has been riddled by the sharply appreciated yen, and Shigeru Goda, former president of the Japan Shipbuilding Industry Association, also advocated setting numerical targets to reduce Japan's trade surplus.

At the news conference, President Fujii said, "I hope the government will shape policies with the highest priority placed on making the Japanese economy better." Commenting on the official discount rate and monetary policy, he stressed, "The most important thing is when to lower the official discount rate." While showing his understanding of the position of the monetary authorities who have to give equal consideration both to pensioners and the economy, Fujii implicitly asked the monetary authorities to lower the official discount rate by saying, "I hope that for the moment, the monetary authorities think first of the economy."

During the news conference, Fujii explained that the Japan Shipbuilding Industry Association will set as its three major tasks "the strengthening of the foundation for the Japanese shipbuilding industry in the international market," "the establishment of a sound shipbuilding market," and "the creation of new demand for ships through the development of technologies." Explaining his aspirations, he said, "I want to send a message to the shipbuilding industries of other nations from the global standpoint."

Business Leader on Cutting Discount Rate

OW2506154895 Tokyo TOKYO SHIMBUN in Japanese 21 Jun 95 Morning Edition p 7

[FBIS Translated Text] Commenting on Japan's economy at a 20 June news conference, Jiro Nemoto, president of the Japan Federation of Employers' Associations, stated, "Japan's economy is in a state of gridlock, and its state is very serious." At the news conference, the business leader called on the government to spur the economy by temporarily suspend enforcement of the land tax that was put into force during the era of bubble economy and the tax on the transactions of stocks, considered to be one of the reasons for keeping stock prices low.

On monetary policy, President Nemoto said: "The official discount rate now stands at one percent a year. With prices falling, however, the actual official discount rate is two percent. Even if the official discount rate is brought down to even zero, the real interest rate would be one percent and that official discount rate needs to be lowered further. In the past, the United Kingdom lowered its official discount rate to zero." He then asked the monetary authorities to further cut the official discount rate.

Discussing the present state of Japan's economy, the business leader stressed: "The yen has appreciated sharply and banking institutions are saddled with a huge number of bad loans. In addition, Asian nations are flooding Japan with consumer goods. These are dealing a shock to Japan's economy." As measures to be taken immediately, he cited 1) fiscal involvement, 2) the normalization of the management of financial institutions, and 3) the depreciation of the yen. On the use of public funds to deal with the huge number of bad loans, he took a forward-looking stance by saying: "Land prices are fluctuating severely. The use of public funds to some extent is inevitable in light of the overall Japanese economy."

LDP To Receive Subsidies From State Coffers

OW2506090595 Tokyo KYODO in English 0806 GMT 25 Jun 95

[FBIS Transcribed Text] Tokyo, June 25 KYODO — The Liberal Democratic Party (LDP) will receive 13.2 billion yen in subsidies from the state coffers in fiscal 1995, the highest amount in the total of 29.9 billion yen which nine political parties will receive, the Home Affairs Ministry said Sunday [25 June].

The LDP, the largest force in the three-party ruling coalition, will be followed by the main opposition party, Shinshinto (New Frontier Party), with 8.68 billion yen, the ministry said.

The LDP's main coalition partner, the Social Democratic Party [of Japan], will receive 5.92 billion yen, and its other partner, New Party Sakigake [Harbinger], 720 million yen.

The Democratic Reform Coalition, a party in the House of Councillors, will get 570 million yen, Komei,530 million yen, the Liberal League 180 million yen, the Peace and Citizen Party 110 million yen and Niin Club 7 million yen, the ministry said.

A law to extend government subsidies to parties went into effect on Jan. 1 this year as part of political reforms.

The amount of subsidy is based on the number of each party's Diet members as of January this year, as well as their share of vote in recent elections. Two-thirds of their revenues the previous year is the maximum amount of subsidies.

The Japanese Communist Party and the Sport and Peace Party did not file their applications for subsidies because they oppose the system.

Hatoyama Views Future of Ruling Coalition

OW2506123095 Tokyo NIHON KEIZAI SHIMBUN in Japanese 23 Jun 95 Morning Edition p2

[FBIS Translated Text] Secretary General Yukio Hatoyama of Sakigake [Harbinger] gave an interview to NIHON KEIZAI SHIMBUN on 22 June. Touching on what the coalition administration should be following the upper house election, he stated "it is incorrect to feel that the coalition administration should be kept in the first place." And then, he indicated his view that depending on the result of the election, the framework of the coalition administration may have to be reviewed. Among the factors Hatoyama cited to support his argument are: Whether the Social Democratic Party of Japan [SDPJ] can be considered to have done a good job so far; and whether Sakigake itself can win confidence among the people. At the same time, Hatoyama also said "the coalition should not be formed by merely putting the three ruling parties together." It is observed both within and outside the Liberal Democratic Party that victory or failure lies in "whether the three ruling parties can obtain a majority of votes in the election, because it would indicate the people's trust in the Murayama administration." However, Hatoyama has drawn a clear line of demarcation by voicing such a view.

North Korea

'Principled Agreement' Reached on Heavy Fuel Oil

SK2506081395 Pyongyang KCNA in English 0809 GMT 25 Jun 95

[FBIS Transcribed Text] Pyongyang, June 25 (KCNA) — Negotiations were held between experts of the DPRK and the United States on the schedule and cooperative measures for phased delivery of heavy fuel oil in accordance with the DPRK-U.S. agreed framework.

A principled agreement was reached on technical matters as regards delivery of heavy fuel oil.

The delegation of U.S. experts for negotiation on heavy fuel oil visited the DPRK from June 17 to 24.

U.S., ROK 22-23 Jun Military Activities Noted

SK2506091595 Pyongyang KCNA in English 0805 GMT 25 Jun 95

["DPRK-targeted War Games and Espionage" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 25 (KCNA) — The bellicose U.S. imperialists staged an air war exercise against the DPRK in the skies above South Korea on June 22 with scores of fighter-bombers, assault planes and air commanding planes belonging to the U.S. Naval and Air Forces in the Pacific and some 650 fighters, reconnaissance planes and observation planes belonging to the Seventh Air Force of the U.S. imperialist aggression forces and the puppet air force, military sources said.

They committed aerial espionage on the DPRK on that same day with E-3S, U-2S, RC-12S and RV-1S.

The South Korean puppets on June 23 illegally introduced scores of military vehicles loaded with armed soldiers and lethal weapons into the Demilitarized Zone in the central sector of the front for an anti-North war exercise of crossing the Military Demarcation Line.

U.S., ROK Said Driving Situation Toward War

SK2406101995 Pyongyang KCNA in English 1005 GMT 24 Jun 95

[FBIS Transcribed Text] Pyongyang, June 24 (KCNA) — The secretariat of the Committee for the Peaceful Reunification of the Fatherland Friday released Information No. 688 denouncing the United States and the South Korean puppets for driving the situation on the Korean peninsula into a phase of war with the approach of the day of the June 25 war outbreak 45 years ago.

The information says the U.S. imperialists and the South Korean puppets, while launching large-scale military manoeuvres under different names from March last, are massively shipping combat equipment of the latest type for offensive use into South Korea from abroad.

The Kim Yong-sam group introduced 168 air-to-ground missiles and 100 air-to-air short-range missiles of the latest type from the United States a few day ago. They are planning to purchase more frigate commanding and launching equipment worth 400 million us dollars, running wild to introduce submarines, underwater military hardware and large calibre artilleries from West European countries, the information says, and continues:

Warmaniacs of South Korea are hell bent on adventurous military provocations in the areas along the Military Demarcation Line almost every day.

On the 14th of June, they openly fired large-calibre gun shells at Changjae islet of our side in the sea off Pupho, Kangyong County, South Hwanghae Province.

On June 15, the traitor Kim Yong-sam showed up at a puppet army unit in the central sector of the front and incited war fever with such an extreme blast as "full combat preparedness" and "self- sacrificing spirit".

All this shows that the present "government" is trying to find a way out of the ruling crisis by coiling up tensions with the approach of the "local autonomy elections".

The information further warns:

The Kim Yong-sam group must know that a war leads to self- destruction, stop acting rashly, and put an immediate halt to the dangerous war gamble which they are staging in league with foreign forces to plunge the nation into holocausts of a nuclear war.

We will never pardon the war maniacs who are running wild to unleash the second June 25 war.

Kim Yong-sam Regime Denounced for Arms Buildup

SK2406040595 Pyongyang Korean Central Broadcasting Network in Korean 1223 GMT 23 Jun 95

[Commentary: "Expression of Its Ambition for Northward Invasion"]

[FBIS Translated Text] According to reports, the South Korean puppets are maneuvering to bring in up-to-date electronic intelligence reconnaissance planes from France in order to strengthen their capacity to gather intelligence on us.

This is nothing but another antipeaceful, antireunificational, grave military provocation committed by the South Korean puppets who run amok in an attempt to realize their ambition for northward invasion.

As is already known, in the aftermath of the announcement of the DPRK-U.S. joint press statement as a result of the Malaysia talks, the outlook for a nuclear solution has opened up on the Korean peninsula; signs for alleviating tension, which are favorable for peace and stability in this region, have began to be detected. However, running counter to such a trend on the Korean peninsula, the South Korean puppets are hellbent on inciting North-South confrontation and preparing for a war of northward invasion.

As has already been reported, the traitor Kim Yong-sam recently showed up at various units of the puppet Army, Navy, and Air Force and incited a war fever, crying about the establishment of a security posture and full combat preparations. In addition, the Kim Yong-sam treacherous clique is engaged in a war frenzy by staging the so-called Joint Command Post Exercise, which is tantamount to the Ulchi-Focus Lens Exercise, on all fronts from 19 to 24 June, mobilizing the puppet warmongers. What is more, the puppets have constantly triggered various forms of military provocation against us by deploying large armed forces along frontline areas. The puppets went so far as to perpetrate without any hesitation a grave military provocation, firing large-caliber shells at an islet of our side.

In another development, the puppets rampantly cling to their arms buildup commotions under the code-name of modernizing the puppet army. The Kim Yong-sam clique, which brought in 214 missiles and missile launchers last year from the United States, is hatching a plot to bring in 168 surface-to-air missiles and 100 ultramodern short-range air-to-air missiles. In addition, the treacherous Kim Yong-sam frantically tried to purchase weapons of mass destruction and war equipment while prowling around West Europe. The puppets, who already purchased 190 Mistral missiles from France last year, have decided to purchase command and firing devices for Frigates worth $400 million in the future.

The puppets are also scheming to bring in up-to-date electronic intelligence planes from France. Needless to say, this is part of its arms buildup commotion for a war of northward invasion and North-South confrontation. It is not a coincidence that the Kim Yong-sam clique recently ran amok in its preparation for a war of northward invasion and North-South confrontation. This is linked with the serious crisis faced by the rascals.

In fact, the traitor Kim Yong-sam has been isolated and rejected by the people due to his repeated policy failures. Especially, the Kim Yong-sam clique's reckless suppression of labor and democratic movements for reunification, which are expanding in South Korea with each passing day, has aroused great indignation from South Koreans at various levels and has aroused them to antigovernment struggles.

On 20 June, some 300 South Koreans of different strata introduced to the puppet National Assembly a motion of impeachment signed by 500 people against the traitor Kim Yong-sam. There is no doubt the Kim Yong-sam clique will receive the people's stern judgment.

To put it in a word, the Kim Yong-sam clique is faced with a total crisis it can never get away from; the rascals' destiny has reached its final minute. As its last means of escape from total crisis, the Kim Yong-sam clique is madly engaged in North-South confrontation and maneuvers to provoke a war of northward invasion. However, this is nothing but a suicidal act by foolish people who are short-sighted. The Kim Yong-sam clique should squarely see the reality and act with discretion.

What cannot go unnoticed is France's reckless act of selling up-to-date war means, such as electronic reconnaissance planes, to the puppets. They are blinded by the prospect of making money. It is clear to anyone that France's act is a criminal act that instigates a military showdown between the North and South. France should deliberate upon the evil consequences of its act, and should stop at once its irresponsible act of selling weapons to the South Korean puppets.

Talk Denounces Kim Yong-sam's Reform Programs

SK2406143495 Pyongyang Korean Central Broadcasting Network in Korean 0653 GMT 24 Jun 95

[Unattributed talk: "The Puppet Traitor's Farce of Reforms Which Has Ended Up as a Deceptive Advertisement"]

[FBIS Translated Text] With the elections for local autonomous administrations approaching, the South Korean people are now calling for Kim Yong-sam's overthrow.

It is natural that the traitor Kim Yong-sam become the target of an overthrow by the South Korean people.

Before and after his inauguration, the traitor Kim Yong-sam made as many as 1,000 promises. The most typical one among them was about the so-called political reform. Like his other promises, his promise on political reforms, too, was nothing but a deceptive advertisement.

If the puppet traitor Kim Yong-sam really desires to reform the South Korean society, he should, above all, begin to liquidate the legacies of the previous military dictatorships and reform the anti-popular-minded colonial, fascist ruling system. This notwithstanding, the puppet traitor did not even begin to deal with such a thing.

The so-called reforms, which the traitor Kim Yong-sam called for, are a deceptive farce aimed at disguising his traitorous and fascist system and boosting his image. Such reforms began and ended up as a fraudulent farce aimed at building up his ruling system. So did the farce of liquidating the past, which the puppet traitor Kim Yong-sam staged. While making a promise to liquidate the past, the traitor Kim Yong-sam used a glib tongue by promising to resolutely cut what should be cut and scrape out what should be scraped out.

This notwithstanding, in actuality, in connection with the past that ought to have been liquidated, there has been nothing that has been cut or scraped out. On the contrary, taking over the baton of the military, dictatorial system, the puppet traitor Kim Yong-sam has embarked upon the road to maintaining and consolidating such a system. He kicked up a fascist, raging fuss of an unprecedentedly ferocious and miscreant, new security-oriented rule capped with the hat of a civilian government in place of that of a military government.

It is a fact well known to the world that the puppet traitor mercilessly suppressed the South Korean people's struggle for independence, democracy, and reunification, while changing for the worse the authority of the fascist, suppressive organizations, such as the fascist police, the puppet Agency for National Security Planning, and the Defense Security Command, while reinforcing the suppressive forces; and that he is still doing such a thing at the present moment, too. He would not have done this, if the traitor Kim Yong-sam really had intended to break away from the criminal past.

The falsehood of the traitor Kim Yong-sam promise on liquidating the past is clearly shown by the fact that he is even traversing the road to colluding with the military dictators Chon Tu-hwan and No Tae-u — in other words, the notorious Fifth and Sixth Republics — who were the ringleaders of the Kwangju massacre, while protecting and providing patronage to them.

The traitors Chon Tu-hwan and No Tae-u are the political hooligans and cutthroats who blocked the road to the development of democracy in South Korea and who mercilessly massacred numerous patriotic people by carrying out the 12 December [in 1979] military coup, the 17 May [in 1980] fascist violence, and the Kwangju massacre [in 1980].

The South Korean people's grudge against the rascals is still reaching the heavens; and the people are demanding punishment for the rascals.

This notwithstanding, the puppet traitor Kim Yong-sam actively protected and provided patronage to the criminals, while clamoring about the courteous treatment for former presidents; and he has left no stone unturned to hide those rascals' crimes in the back alleys of history.

One example is as follows: At the end of last year when the question of arraigning the ringleaders of the 12 December military coup was brought up, the puppet traitor disregarded, at the puppet National Assembly, the just demand from the opposition parties and the people; and finally stayed a prosecution of the criminals by passing beyond the prescribed period of a public prosecution.

The farce of liquidating the past, which the traitor Kim Yong-sam had been singing as a chant, ended up, in the long run, with maintaining and strengthening the military dictatorships — not liquidating those military dictatorships — and with mercilessly trampling underfoot the people's demand for the liquidation of the legacies of the military fascist dictatorships and for democratization.

The puppet traitor Kim Yong-sam's promise on rooting out irregularities and corruption, too, was nothing but empty words. While talking about the intolerance of any sanctuary concerning the rooting out of corruption, the traitor Kim Yong-sam staged a farce of disclosing the properties of politicians and government officials. This notwithstanding, this was nothing but a trick aimed at covering up his true nature as the ringleader of the irregularities and corruption.

The puppet traitor was chanting about the rooting out of irregularities and corruption, while, behind others' backs, he protected those who have illegally amassed fortunes; he only arrested a few of his political opponents.

The number of those with illegally amassed fortunes, who have escaped to foreign countries with the tacit approval of the traitor Kim Yong-sam alone totals as many as 80.

In fact, the traitor Kim Yong-sam has not rooted out the irregularities and corruption, but has helped the irregularities and corruption further spread.

This is corroborated by the following: Behind the facade of rooting out the irregularities and corruption, the practices of irregularities and corruption have become more prevalent than ever before, among the traitor Kim Yong-sam, and the petty officials of the Democratic Liberal Party, and bureaucrats, such as ministers and vice ministers; and a series of super-size irregularities, including the embezzlement of tax money, have taken place.

This was an aspect of the political reforms, which the puppet traitor Kim Yong-sam promised to carry out; and, the same can also be said about the reforms in the economic and cultural fields.

Under the deceptive advertisement of reforms, the traitor Kim Yong-sam committed the felony for all ages, turning South Korea into a fascism-ridden place — a worse place than in the previous military dictatorships — and into a human hell — where no humans can live, thereby inflicting numerous grave disasters, misfortune, and pain on the South Korean people. He will surely pay dearly for this.

Daily Criticizes Japan's Transport Ship Plan

SK2506084795 Pyongyang KCNA in English
0817 GMT 25 Jun 95

["NODONG SINMUN on Japan's Transport Ship Plan" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 25 (KCNA) — The Japanese defense agency announced that Japan will possess four large transport ships with the capability of aircraft carrier. This indicates that the Japanese reactionaries' military moves are aimed at overseas aggression.

NODONG SINMUN today says this in a commentary titled "Toward Overseas Aggression Backed by Aircraft Carriers."

The analyst notes:

It is nonsense that the Japanese reactionaries are claiming that the transport ships are necessary for a peaceful purpose.

This scheme is intended to further increase the operational capacity outside the Japanese boundary and launch a full-scale military aggression.

The Japanese reactionaries are also claiming that the transport ships are necessary for "United Nations peacekeeping operations" and in the "period of calamities." This is nothing but a trick to cover up their criminal intention.

The aggressive nature and design of Japanese militarism have remained unchanged.

Availing themselves of the changed international situation in which the super powers' policy of strength went busted and there remains no rival in arms race, the Japanese reactionaries intend to realise their military aggressive design by further reinforcing the "self-defense forces" to be independent Armed Forces.

Their outdated conception and reckless military policy will only precipitate their doom.

Telecommunication Delegation Departs for PRC

SK2406150895 Pyongyang KCNA in English
1501 GMT 24 Jun 95

[FBIS Transcribed Text] Pyongyang, June 24 (KCNA) — A post and telecommunication delegation of the Democratic People's Republic of Korea led by Minister of Post and Telecommunications Kim Hak-sop left here today by train to visit China.

The delegation of U.S. experts which had come here to discuss the program of phased delivery of heavy fuel oil and cooperative steps for it under the DPRK-U.S. agreed framework left for home by air on the same day.

Editorials Mark 45th Anniversary of Korean War

SK2506084095 Pyongyang KCNA in English 0823 GMT 25 Jun 95

["June 25 Disaster Must Not Be Repeated" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 25 (KCNA) — It is 45 years since the U.S. imperialists and the South Korean puppet clique unleashed a war of aggression against the DPRK on June 25, 1950.

Pyongyang-based newspapers today dedicate editorials to this anniversary, declaring that the danger of war must be removed and a durable peace be preserved on the Korean peninsula and that the June 25 disaster must not be repeated.

NODONG SINMUN says:

If the United States really does not want the repetition of the June 25 disaster on the Korean peninsula, it must rectify its old policy of strength toward the Korean issue and sincerely implement the DPRK-U.S. framework agreement to build confidence and put an end to hostile relations between the two countries.

If peace and security are to be preserved on the Korean peninsula, a new order must be established in Northeast Asia. Normalization of relations between the DPRK and the United States and between the DPRK and Japan will contribute to stabilizing the situation in this region. The unilateral acts of the United States have paralysed the military armistice system on the Korean peninsula. The situation urgently demands that a new peace mechanism be set up on the Korean peninsula so that arms buildup and recurrence of war may be prevented and a durable peace and security be preserved. If the United States truly supports the reunification of Korea and wants to see preservation of peace on the Korean peninsula, there will be no ground that it cannot accept the DPRK-proposed establishment of a new peace mechanism to replace the outmoded armistice system.

The serious lesson from the last Korean war is that such conspiracy with outside forces for confrontation with fellow countrymen, as is done by the South Korean rulers, will result in a fratricidal war and allow outside forces to fish in troubled waters and that this disaster must not be repeated.

If the Kim Yong-sam group is allowed to resort to North-South confrontation and provocation of war with a policy of depending on outside forces, the dignity and sovereignty of the nation cannot be realised in South Korea nor can an independent, democratic development of South Korean society and peace and reunification of the country be achieved.

MINJU CHOSON says:

Peace is beneficial not only to the DPRK but to the U.S. war is harmful to both of them.

The June 25 disaster must not be repeated.

Article Views Kim Chong-il's Work on Ideology

SK2506092995 Pyongyang KCNA in English 0832 GMT 25 Jun 95

["Chuche Theory on Giving Priority to Ideological Work" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 25 (KCNA) — NODONG SINMUN in a by-lined article today says that the great leader Comrade Kim Chong-il gives a flawless exposition of the ideological, theoretical and philosophical reasons to give priority to ideological work in accomplishing the socialist cause in his famous work "Giving Priority to Ideological Work Is Essential for the Accomplishment of the Socialist Cause".

The article quotes Comrade Kim Chong-il as saying:

"Giving priority to ideological work is essential for the accomplishment of the socialist cause.

In order to accomplish the socialist cause successfully, we must adhere to ideology by regarding it as most important and give priority to ideological work over all other affairs."

Respected Comrade Kim Chong-il in the work explains in a unique way that unlike the capitalist society, the socialist system emerges, develops and is accomplished, guided by the socialist ideology and scientifically proves that giving priority to ideological work is essential for the accomplishment of the socialist cause.

With the idea indicated, the truth of history that if it gets hold of ideology, socialism will triumph, if it loses ideology, socialism will go to ruin has been proved profoundly in a theoretical and practical way.

And the working-class party has been provided with a basic guideline to be maintained in the whole historical course of the accomplishment of the socialist cause.

In the work Comrade Kim Chong-il also gives a comprehensive exposition of the chuche-based viewpoint of the role of ideological consciousness, clarifying the philosophical reasons to give priority to ideological work for the accomplishment of the socialist cause.

He propounds the essence of ideological consciousness of independence, consciousness reflecting the intrinsic requirement of man, and the absolute advantages of the socialist ideology, an ideology in the highest stage of the development of ideological consciousness of independence. Thus he fully proves the necessity of ideological work as a main link to strengthen the socialist advantages and its might and step up revolution and construction.

The great leader Comrade Kim Chong-il in the work, basing himself on a scientific analysis of all factors affecting the development of ideological consciousness of man in the socialist society, clearly proves that giving priority to ideological work is essential for the accomplishment of the socialist cause.

He makes clear the effects of socialist economic relations on the development of the ideological consciousness of man. As a result, the reactionary nature of the criminal scheme of renegade socialists introducing capitalist ownership relations and economic management method has been laid bare in the raw and a clear-cut way has been provided to further strengthen the foundations of the ideological foothold of socialism by consolidating and developing socialist economic relations and management method.

Daily Lauds Kim Chong-il Letter on Training

SK2406115295 Pyongyang MINJU CHOSON in Korean 28 May 95 p 2

[Article by reporter Kim Kyo-son: "Great Program That Scientifically Elucidates a Way To Build a Powerful Army"]

[FBIS Translated Text] At a time when the entire country is fiercely waging a struggle to implement the party Central Committee's slogans, officers and men of our People's Army are meaningfully marking the fifth anniversary of the release of the letter that General Kim Chong-il, the respected and beloved supreme commander, sent to the participants of a short training course for army officials in charge of military training.

All officers and men of the People's Army warmly recall the immortal achievements of General Kim Chong-il who elucidated the monolithic idea on training, presented a creative principle on training, and thus built our People's Army into a one-is-a-match- for-100 army.

The great leader Comrade Kim Il-song has pointed out:

"People's Army soldiers must further heighten their revolutionary vigilance, strengthen their combat capacity by all means, and effectively conduct combat training and combat preparations."

On 27 May 1990, a senior official of the Ministry of the People's Armed Forces, who had been busy preparing a short training course for officials of the entire army in charge of military training, received a letter that the respected and beloved general had personally written to the participants in the course.

He was overwhelmed with emotion when he received the letter personally written by the great general right before the start of the course.

The official was deeply impressed upon reading the letter, which clearly elucidated with powerful principles and logic the ways to build a powerful army.

In the letter, the respected and beloved supreme commander analyzed that the military's political training, which began with military and political studies during the period of the anti- Japanese armed struggle, has today reached a high stage in which the work is being conducted to make the entire army a cadre army and to modernize it. He also presented the tasks of establishing a spirit of revolutionary training and of strongly establishing among the soldiers a chuche-oriented view on training.

A chuche-oriented view on training!

Soldiers are the main forces of the revolutionary war!

In short, this was a man-centered theory on handling military affairs based on the masses of soldiers.

Ever since armed equipment was developed thanks to the development of science and technology and was used as a means of war, military strategists have assessed armed forces based on weapons, attaching importance to the weapons. Therefore, they have viewed people as subjugated to weapons. They also paid the utmost attention to how to train soldiers to ensure they efficiently use armed equipment and combat equipment.

However, unlike all military strategists of the past, the general considered the masses of soldiers to be the main force in a war, declaring for the first time in history a creative idea on establishing a man-centered view on training.

In his letter, the comrade supreme commander also presented the following four new principles on training:

The principle of a chuche-oriented nature on conducting training based on the party's military strategic and tactical ideas and the chuche-oriented war tactics in compliance with our situation;

The principle of implementing political and ideological principles to make the entire training course designed to ensure that soldiers possess a sense of loyalty and filial devotion to the party and the leader [suryong];

The principle of militancy on conducting training in the most difficult environment similar to waging a real war;

And the principle of scientific accuracy on deciding on the contents of training and the methods of training based on scientific perspectives and using modern scientific and technological means in training.

The four principles—the principle of chuche, the political and ideological principle, the principle of militancy, and the principle of scientific accuracy—are also creative principles on training presented for the first time in the history of army building.

In addition, his letter also elucidated the concrete tasks newly arising from training.

His letter systematized in a monolithic way and made a comprehensive compilation of the ideology on training which arose as an important question in army building and army activities; and it was a great principle which illuminated scientifically the road to fostering a strong army that could cope with all kinds of modern wars, and a programmatic guideline which helped build the People's Army as a one-is-a-match-for-100 army.

The respected and beloved Supreme Commander General Kim Chong-il, who provided a great principle on building a strong army, energetically led the work to brilliantly embody the chuche-oriented principle on training and increase the combat capability of the People's Army as a one-is-a-match-for-100 army.

On a visit to an Army unit, the respected and beloved comrade supreme commander exercised his leadership so that the unit could undergo training effectively in conformity with the reality of our country and could become a unit of dauntless and fearless combat ranks equipped with the chuche-motivated war method. On a visit to an aviation unit, he fostered the airplane pilots as lifeguards and death-defying corps members in the sky, while saying that the basics in the Air Force's preparations for fighting are airplane pilots' preparations. He also devoted great efforts to increasing the combat capabilities of Navy units.

While deeply seeing through the characteristics of fighting on the seas, the respected and beloved general personally visited a Navy unit, boarded a vessel, and gave guidance to the training of Navy enlisted men to foster the Navy enlisted men as bold and brave sea fighters, thereby presenting the direction and method in detail to intensify the Navy training in a chuche-oriented fashion. He also said warmly that the Navy enlisted men should value time in undergoing every training.

The great General Kim Chong-il's remarks elucidated various complicated tasks arising before the People's Army. But, above all, what is the most important is concerning intensifying the combat and political training; and his remarks also put forth the demand for the training-first principle that only through training can each soldier become a high-mettled fighter who can easily cope with 100 enemies, and can all commanding officers be prepared as all-round commanding officers.

The sea is not the only place embroidered with the great General Kim Chong-il's efforts and energy he devoted to fostering each individual soldier of the People's Army as a one-is-a-match-100 fighter.

The respected and beloved Supreme Commander General Kim Chong-il elucidated, as an intrinsic characteristic of training, the work to foster the soldiers as one-is-a-match-for-100 fighters and help them fulfill their responsibility and role as masters of the revolutionary Armed Forces, while regarding the rank and file soldiers as the basic elements of the Armed Forces and the main forces of a revolutionary war.

The great general formalized training as the soldiers' reward in life, conscience, honor, and raison d'etre, while placing the rank and file soldiers who handle arms and equipment, not the modern arms and equipment of any kind, in the center of combat training.

The respected and beloved comrade supreme commander put forth a slogan "Training is also a battle!" which should be adhered to forever in building up our revolutionary Armed Forces as the invincible ranks of a one-is-a-match-for-100 army, and a principle on training; and the direction and method in detail so that such direction and method for such a slogan and principle can be applied to actual combat. Under such a care, our People's Army soldiers have grown up as the fighters of a one-is-a-match-for-100 army who can smash any aggressor at a stroke.

As in the past, in the future, too, the People's Army, our party's revolutionary Armed Forces and the main force for the consummation of the revolutionary cause of chuche, will display its might to the whole world as an ever-victorious and invincible strong army which no one can match in this world, while loyally upholding the leadership of the respected and beloved Supreme Command General Kim Chong-il.

Power Stations in Chagang Increase Production

SK2306131095 Pyongyang MINJU CHOSON in Korean 28 May 95 p 1

[By reporter Kim Myong-yong: "Small and Medium-Size Power Stations Are Bringing About Great Achievements — From the Small Power Station Management Office of Chagang Province"]

[FBIS Translated Text] The officials and working class of the Small Power Station Management Office of this province are vigorously waging the struggle to increase electricity production to the utmost in hearty response to the party Central Committee's slogans.

As a result, the office is producing approximately 100,000 kwh more than its daily plan this month.

The great leader Comrade Kim Il-song has taught:

"The workers and technicians in the power industry must decisively increase electricity production by well maintaining facilities as required by technical regulations, checking and repairing them in a timely manner, and operating all generators at full capacity."

Officials of the management office take charge of power stations region by region, are going down to the stations they are in charge of and explaining to them how important electricity production is to thoroughly implementing the party's revolutionary economic strategy, and carrying out production organization and command to produce even one more kilowatt hour.

The headquarters office is examining the production status of each station everyday, carrying out assistance work, meeting technological requirements to operate each at full capacity, and increasing electricity production to the utmost by finding reserves for increasing electricity production.

The power station where Comrade Pak Un-hung is working is increasing the efficiency of hydraulic turbines to the utmost by boundlessly improving the technological standards of generator operators and operating generators as required by technical regulations.

In particular, this power station uses turbine gaskets made of alternative materials, thus, increasing their life span; solved all problems in operating generators in-house; and, thus, are overfulfilling its daily production goals by over 40 percent.

The power station where Comrade Pak Il-sung is working well manages turbines, wheels, and other equipment revolving at high speeds, is persistently waging the struggle to efficiently utilize water, and is proudly overfulfilling its daily production goals by over 30 percent.

In hearty response to the party's ideas that electricity leads to production and that increased electricity production leads to increased production, the Saengni, Hwapyong, Songhak, Changgang No. 1 power stations and other small and medium-size power stations in the Tongsin, Hwapyong, Manpo, and Changgang areas are responsibly reinforcing and maintaining the structures and vigorously waging the struggle to increase the rate of electricity production per a tonne of water without wasting even a drop of water.

The officials and electricity producers of this management office, setting the high goal of fulfilling their annual production goals before the 50th anniversary of the party's founding, are continuously increasing electricity production by operating all generators at full capacity.

Importance of Role of Railway Stations Cited

SK2406005595 Pyongyang MINJU CHOSON in Korean 16 May 95 p 3

[By Kang Yong-chan, vice director of the Railway Ministry: "An Important Problem That Arises in Enhancing the Role of Railway Stations"]

[FBIS Translated Text] The position and role of railway stations is very important in railway transportation.

Railway stations are inevitable in railway transportation. Railway transportation begins no where else than at a railway station, continues by passing through railway stations, and ends at a railway station. Therefore, without railway stations we cannot think about railway transportation. Without railway stations, railway transportation itself cannot be achieved.

Railway stations are a base of transportation situated in the provinces, cities, and counties. All passengers and cargo that go in an out of the related regions must pass through these bases.

When viewed from regional units, we can say railway stations are the same as gateways to the provinces, cities, and counties.

In railway transportation, our party provided sufficient conditions, stemming from both the importance of railway stations position and the great role they occupy, on effectively maintaining railway stations and smoothly implementing the basic duties of each railway station throughout the nation. It also wisely endlessly improved and strengthened railway station work in accordance with the demands of the developing reality.

Therefore, just like an important unit and important base of the socialist railway transportation, railway stations throughout the entire nation were magnificently maintained from a material and technical basis to their cultural and hygienic conditions. Thus, it was possible to successfully implement their function and role.

The reality today is that socialist construction is progressing and the people's independent demand is being endlessly enhanced. This demands that railway station work be all the more strengthened. In particular, since firmly putting railway transportation in the forefront is one of the very important contents in our party's revolutionary economic strategy, if this is to be thoroughly implemented then a more urgent problem is to enhance the function and role of railway stations in all directions more than ever before.

The great leader [yongdoja] Comrade Kim Chong-il pointed out: "The problem of railway transportation can be solved when cargo is appropriately unloaded at railway stations and yard tracks, and when empty cars retreat at the appropriate time."

Enhancing the function and role of railway stations means to quickly, accurately, and responsibly guarantee the transportation tasks realized through railway stations.

The most important problem in enhancing the role of railway stations is to smoothly guarantee the work within station precincts.

The basic duties of railway stations are fulfilled through work within station precincts. How the work within the station precincts—such as changing locomotives, connecting cars, and uncoupling cars—is guaranteed thus influences the train's stand- still time, the round-trip time of freight cars, and the train's on- schedule operations.

While engaged in within station precincts, it is important to thoroughly establish rules and order that are strictly carried out based upon technology process, established procedures, and regulations, including the procedures of station technology work and the handling of one train.

When connecting freight cars, great attention must be paid so it can be quickly and accurately carried out at the appropriate time based on the regulated direction and method of the freight car connecting plan.

While engaged in work within station precincts, specialization according to railway tracks must be actively realized. Thus, it is necessary to justly put strength into the work to reduce the train's stand-still time to its utmost. By doing so, the train's on- schedule operations can be smoothly guaranteed without even one accident and can contribute to reducing the round-trip time of freight cars.

What is also very important in enhancing the railway stations' role is smoothly guaranteeing freight work.

Freight work occupies a great share in railway station work. How this is conducted is one of the key links in fulfilling the basic mission of railway transportation as the pilot of the people's economy.

Freighting mainly includes receiving and loading cargo on trains as well as dispatching cargo to corresponding consignees upon its arrival at the station.

First, stations should well organize the work to receive cargo and load it on trains.

Each station should accurately map out five-day or weekly transportation plans according to their monthly targets. The stations should methodically plan to accurately receive cargo from the owners and load it in the proper section. In the case of container cargo, ship it according to the five-day plan; in the case of smaller cargo, ship it according to the weekly plan.

After loading the cargo aboard trains, it is important that stations strictly follow the discipline prior to departure to reconfirm its accuracy and establish thorough measures so the cargo is not lost or damaged during transportation.

Along with this, stations should well organize the work to unload the arriving cargo and send it to consignees in a timely manner.

Stations should unload the cargo as soon as it arrives and accurately store it in a warehouse or proper place. They should notify the consignees of the time of arrival in advance so they are in contact with the department concerned at the station. Stations should send arrival notifications on the day of arrival so consignees can receive their cargo at the right time.

The work to actively mechanize the loading and unloading process should be stressed. Railway stations have various efficient machines and tools for loading and unloading cargo. They should maintain good upkeep and care of cranes, conveyer belts, lifters, and various technical tools in order to maximize the operation rate. Highly displaying the revolutionary spirit of self-reliance and fortitude, they should vigorously wage the struggle to provide and use more efficient and modern technical tools. By doing so, stations can easily finish the difficult work and do not have to keep cargo trains at the stations for a long time, instead sending them out at the right time, thus drastically reducing the number of days for the trains to return.

To successfully solve these problems arising in enhancing the role of stations, central and local responsible functionaries in charge, station chiefs, and all functionaries in the units concerned should establish a thorough revolutionary work ethos with which they can correctly understand and act upon the teachings of the fatherly leader, the words of the great leader Comrade Kim Chong-il as regards railway station work, and the policy intention of the party which is the realization of the teaching and words.

Stations should establish strong discipline and order so all work can be conducted thoroughly in accordance with the demands of railway regulations and guidelines. This applies to all stations, but it is of particular importance that cargo stations and technical stations correctly follow the enacted order.

All transporters guarding stations should have a good command of their basic duties as well as all regulations and guidelines, and should work responsibly as the masters in accordance with the demands.

Presently, the impending task in enhancing the role of stations is to carry out the work under the principle of subjecting everything to transportation for implementing the party's revolutionary economic strategy.

Stations should give priority to and focus on the transportation of chemical fertilizers; farming material; goods for agricultural development; materials, fuel, products, and export goods for implementing the party's light-industry-first and trade-first policies; goods for increasing the production of coal and electricity and for developing the metal industry; and material for strengthening the material and technical basis of railways.

Railway transportation should firmly advance and successfully implement the party's revolutionary economic strategy so as to actively contribute to making this year, the 50th anniversary of the party founding and the fatherland's liberation, the most significant year to shine for a long time in the history of our fatherland.

Article on Increased Export Production Bases

SK2306231595 Pyongyang MINJU CHOSON in Korean 28 May 95 p 1

[Article by Kim Ki-pok: "Let Us Thoroughly Implement the Party's Revolutionary Economic Strategy by Properly Carrying Out Economic Organizational Work"]

[FBIS Translated Text] The great leader Comrade Kim Chong-il has pointed out:

We should firmly build up production bases specializing in export to sell not raw materials but processed goods as much as possible.

A diagram showing the distribution of export production bases is posted on the wall in the Local Trade Guidance Bureau of the External Economic Committee. The distribution chart changed every time I visited the office. A few days ago, new marks were added to the chart showing newly built export production bases in mountains, lowlands, and coastlines. They totaled more than 60. They were not built in several years but in only 17 months. This means a new production base was built each week.

The fact shows that our socialist fatherland has a variety of material resources and rich deposits. There are ceaseless resource development projects going on to effectively use resources.

Export production bases of our country have a series of characteristics.

First, export production bases are located near places with abundant natural resources, thus, they have access to comprehensively processing and using the materials. Export production bases in lowland cities and counties comprehensively process and use their rich agricultural and local produce, those in mountains process and use mountain and underground resources, and those in coastlines use various fishery resources. During the past 420 days, 10 large-scale bases were built in lowlands in South Hwanghae Province, eight in mountains in Yanggang Province, and 12 in coastlines in Hamgyong Province.

The production structure of export production bases is designed to improve trade in various aspects. Because the new export production bases are well assorted, export items increased to 150 kinds and the volume increased by 1.6 times.

The potential of local trade has been further strengthened. Following the construction of the new export production bases, the usage of agricultural and local produce, fisheries, nonferrous metal, and nonmetal materials increased by 30 percent.

Our export production bases provide a better landscape in our country.

Reviewing the world's history of industrial development, in many cases, the construction of new production bases destroyed the natural environment. This was related to excessive extracting and processing them.

However, in accordance with the idea and intention of the fatherly leader and the great leader Comrade Kim Chong-il, we have thoroughly maintained the principle of giving precedence to creating and managing material resources than extracting and processing. Mountains are full of nut trees, timber forests, medicine herbs, mushrooms, and wild vegetables. Mountain landscapes are more beautiful because increased mountain resources changed the appearance of forests. In the sea and rivers, habitation fields, cultivation fields, and fish farms are built in accordance with the conditions of the areas. Various types of fish swarm around and seaweeds are dancing to the waves.

In the fields, various agricultural produces that harmonize with the weather and soil conditions are increasing to grace the landscape of socialist farms.

Underground resources are discovered, managed, developed, and utilized everywhere, displaying their unique merits. All these bases are actively utilized for the development of local economics and the improvement of the people's living standards. How vital is our party's policy to develop local trade!

Daily Publishes Article on Human Rights

SK2406114695 Pyongyang KCNA in English 1045 GMT 24 Jun 95

["NODONG SINMUN on Defence of True Human Rights" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, June 24 (KCNA) — NODONG SINMUN today devotes one whole page to a signed article entitled "In Defence of True Human Rights."

The article calls for defending human rights of Korean style, decisively frustrating a campaign conducted by the imperialists under the signboard of "defence of human rights" and defending human rights from A to Z.

The article consists of subtitles "Let Us Properly Settle Human Rights Issue," "Let Us Frustrate 'Human Rights Defence' Campaign of Imperialists" and "Let Us Defend Socialism of Korean Style."

The article reads in part:

The human rights issue is an important focus of attention in the world political arena now when the Cold War has been said to be ended.

For a fair solution to the human rights problem, an international controversy, it is imperative that a correct view on human rights be adopted.

The issue of human rights can properly be resolved only when correct attitude of putting man, the masses of people, into main consideration is taken.

In his meeting with a delegation of journalists of THE WASHINGTON TIMES last year the great leader Comrade Kim Il-song stressed that what the people like is the impartial standard of human rights, adding in an explicit term that the concept of human rights based on the American-style outlook on value can never be allowed.

Whatever the people like is precisely the absolute standard of human rights.

Only when we base ourselves on the stand and outlook on the people, can we distinguish true human rights from false ones and move forward under the uplifted banner of the defence of genuine human rights.

Human rights are, in essence, rights to independence of the popular masses.

The article quotes the great leader Comrade Kim Chong-il as saying:

"Human rights are rights to independence which must be exercised by the people in the political, economic, ideological, cultural and all other spheres of social life."

The article says:

Rights to existence as a social being whose lifeblood is independence, are human rights.

The "standard of human rights" used by the imperialists in their annual "report on human rights" is of utter falsity and anti-popular nature, ignoring the rights to existence as a human being.

The "human rights" on the lips of the bourgeoisie are, by nature, no more than human rights of owners of capital and money.

In capitalist society human rights are not the human rights of the popular masses, but rights of the bourgeoisie to property and liberties.

Herein lies a bourgeois outlook on life, an outlook on value, whereby exploitation and domination of man by man is considered a commonplace and man is regarded an inferior being seeking his personal comfort and material interest only.

The bourgeois theory of human rights fundamentally contrary to the nature of human being is, in fact, anti-ethical theory on human rights.

A correct solution to the human rights problem requires a thorough defence of the sovereignty of a country and a nation.

Human rights are inconceivable without the sovereignty of the state.

Human rights are immediately national rights and the national rights are precisely sovereignty. Once lost the sovereignty, the people are not in a position to cry for human rights.

In order to defend human rights, it is also imperative to keep heightened vigilance against the interference of the imperialists in others' internal affairs under the mask of "defence of human rights".

The revolutionary people can never do such a disgraceful act as leaving themselves to the mercy of imperialists.

What should not be infringed upon under any circumstances is national rights and what is defended as firmly as one's life is the dignity of a country and a nation.

A correct settlement of human rights issue also requires benevolent politics.

The politics that guarantees human rights in full is benevolent politics. The kind of politics is an advanced and popular politics whereby love gives birth to the happiness of people and trust is the source of a firm unity of the popular masses and their worthy life.

Socialism's is benevolent politics, while bourgeoisie's is money- backed and suppressive politics.

As far as the "liberties" and "equality" advertised by the bourgeoisie are concerned, they are nothing but a slogan to defend their interests and property and gratify their vaulting greed.

In capitalist society money means human rights. It leads to inequality and furthermore terrific human rights abuses.

If the issue of human rights is to be resolved to the full, counterrevolutionaries' encroachment upon the interests of the popular masses should not be allowed at all.

Crackdown upon reactionaries is a warrantable exercise of power to keep human rights from being violated by the enemies of human rights.

A lesson tells that without the dictatorship against the counterrevolutionary elements it is impossible to defend the human rights of the popular masses and to safeguard socialism.

The imperialists are claiming that there is a "human rights problem" in socialist society, crying, in a high-handed manner, for granting freedom even to the counterrevolutionary elements. Socialist power the mission of which is to defend the human rights of the popular masses can never surrender to the brigandish claims of imperialists.

We do not hide our class character in the human rights issue just as do not conceal our loyalty to the party.

It is our human rights to provide workers, farmers, intellectuals and people of other strata with freedom and rights and to crack down upon a handful of class enemies violating the human rights of the popular masses.

The most wanton violation of human rights in the present times is a "human rights defence" campaign of the imperialists under the veneer of "humanitarianism" and "democracy."

Such campaign of theirs is a wicked and crafty trick aimed at killing two birds with one stone.

Their ballad of "defence of human rights" serves to beautify capitalist society.

The human rights of the bourgeoisie are not ones of the popular masses, but a privilege of the have, who consider money almighty, and freedom of human rights violators.

Since the situation of human rights is serious in capitalist society, the imperialists have no qualification and justification to talk about human rights.

The situation in South Korea fully shows the anti-popular nature of "human rights" loud-mouthed by the imperialists.

The existence of such an area as South Korea where human rights are harshly violated in the 20th century, not in the Medieval Age, is a disgrace and insult to humankind.

The imperialists' "human rights" campaign is a major part of their effort to slander and stifle socialism.

They talk as if socialism were an inhuman society, claiming that "there is no freedom" and "human rights are violated" in socialist society.

Today they themselves admit that the "human rights" campaign is a product of their anti-socialist strategy to disunite socialist society from within.

The imperialists and the renegades of socialism must be severely judged by history and humankind for the heinous crimes they committed in the 20th century by frustrating socialism and inflicting immeasurable disasters on the people, running counter to historical progress.

The imperialists' "human rights" campaign is a political instrument to wantonly interfere in other countries' internal affairs and flout the destiny of other nations.

They use the terminology of "human rights" to justify their brigandish acts for political, economic and military isolation and strangulation of independent, revolutionary nations.

They threaten some countries, groundlessly branding them as "terrorist state" or "state supporting terrorism."

By nature, the communists who value human rights have nothing to do with terrorism and they oppose terrorism itself.

Terrorism exists not in socialism but in capitalism.

As long as there exists capitalism, terrorism endangering the lives of people will never disappear.

In capitalist society, mafias strut about in broad daylight and hundreds of people are murdered at a time. It is outrageous of the imperialists to brand other countries as "terrorist states" while keeping mum about the situation in their own countries. They had better mind their own business, than talking a lot about the human rights situation in other countries.

Human rights is an important political issue related to whether the revolutionary, socialist principles are maintained or not.

Defending socialism is the true way of defending human rights. Socialism represents human rights.

Those who value human rights must take the line of socialism and defend the banner of socialism to the last.

Korean-style human rights that all people enjoy are an equitable, popular and advanced one.

We will never give up Korean-style socialism chosen and built by our people but will regard it as our life and resolutely defend it.

In order to defend and realize Korean-style human rights and Korean-style socialism, we must strictly apply the chuche idea, a man-centred philosophy.

We must strictly apply it in all fields of the revolution and construction and resolutely defend and realize Korean-style human rights centred on the masses.

The Korean people, who fight for the cause of justice, do not need to have other's "recognition" of their human rights or read other's face in this matter.

Whatever others may say, we will live our own way with dignity and will strictly reject hypocritic Western-style human rights.

We declare with pride that human rights can be ensured when we consolidate the socio-political organism in which the leader, the party and the masses share life and death.

We must have no illusion about imperialism.

In the fight against imperialism, a step backward will make a hundred steps backward. In the human rights issue, concession of a point will lead to the collapse of socialism. It is natural that we should take a strong attitude toward the imperialists' high-handed policy on human rights.

If the imperialists stretch their dark hands with "human rights issue" we must resolutely break them under the red flag of the revolution.

The fight to resolutely smash the enemy's "human rights" campaign is a battle to defend our social system and national sovereignty. We will not a bit allow the imperialists to insult our state and social system. If they attempt to violate our inviolable sovereignty, slandering our superior socialist human rights, we will staunchly fight it out without conceding even 0.01 mm.

This is the unshakable will of our party regarding the human rights issue.

Article on Need To Improve People's Livelihood

SK2306141595 Pyongyang MINJU CHOSON in Korean 26 May 95 p 2

[Article by Min Kyong-chun: "To Accelerate Economic Construction and Improve the People's Livelihood Is an Important Task Arising Before State Economic Organizations"]

[FBIS Translated Text] The party Central Committee's slogans call for conducting a vigorous general onward march to defend to the end and further glorify our own style of socialism centered around the popular masses, which we have achieved with blood and have established with creative labor. An important task arising before state economic organizations at present is to further intensify today's general onward march, effect a turn in socialist economic construction, and improve the people's livelihood in an epoch-making manner.

The great leader Comrade Kim Il-song taught:

"To vigorously push for socialist economic construction is an important function of a socialist country. The function of a socialist country as an economic organizer arises as a much more important question as the socialist, communist construction makes progress."

State economic organizations are administrative guiding and executive organizations equipped with the mission to grasp, mobilize, and utilize all personnel and material as well as directly organize and exercise command over general production management activities, all on a pan-society scale, with a view to remodeling the nature and providing the people with a happy material and cultural life.

The work to accomplish the party's economic policy is planned and pushed on a pan-national scale by state economic organizations; detailed administrative and practical measures to accelerate socialist economic construction are worked out; and economic and technical guidance is guaranteed. The role of state economic organizations is an important key to the success of the work to correctly manage the general national economic life and to thoroughly implement the party's lines and policies for economic construction aimed at providing the working popular masses with an independent and creative life. When we enhance the role of state economic organizations, we can achieve endless upsurges in production in the general fields of socialist economic construction and further improve the people's livelihood.

To accelerate economic construction and improve the people's livelihood is an essential requirement arising from the functions of state economic organizations.

In a socialist society where state sovereignty and the means of production are put in the hands of the working popular masses, the representative of socialist ownership is the socialist country. The socialist economy based on social ownership of the means of production constitutes a body in which all economic sectors and economic units are closely linked with each other. The development of the socialist economy, which has such a characteristic, is premised on the unified guidance of the state; in a socialist society, the function of assuming the responsibility for organizing and guiding the country's general economic activities is one of the basic functions of a socialist country which no one can substitute. The state's unified guidance to the socialist economy is realized through the function of state economic organizations as economic organizers.

The function as economic organizers is one of the basic functions of state economic organizations.

In a socialist society where collectivism constitutes the basic foundation of social life, the principle of collectivism is firmly embodied in economic life. In a socialist society, common purposes and interests are realized through the function of the state as an economic organizer under the leadership of the party, which represents the basic interests of the popular masses. The function of a socialist country as an economic organizer encompasses the entire process of economic construction and all fields concerning the improvement of the people's livelihood. Therefore, the success of the socialist construction and the improvement of the people's livelihood depend upon how to enhance the function and role of state economic organizations. Detailed goals, tasks, and ways to accelerate economic construction and improve the people's livelihood are worked out by state economic organizations; the administrative and practical measures to realize such goals, tasks, and ways are provided. Accordingly, when we enhance the function and role of state economic organizations, we can grasp in a unified manner all sectors and units of the people's economy and the links in the reproduction process; mobilize and utilize such sector, unit, and link in a planned and rational manner; guarantee a correct balance between the sectors of the people's economy; and organize all social economic activities in a reasonable manner.

In a socialist society, when one endlessly improves and strengthens the function of the state as an economic organizer on the basis of the collectivist principle and method, one can push for socialist economic construction at a rapid tempo; one can also see all the wealth of society, which has been gained in the economic construction, directed to the promotion of the people's welfare. All this shows that the question of accelerating economic construction and improving the people's livelihood serves as an important task for state economic organizations.

For state economic organizations to carry out an active struggle to accelerate economic construction and improve the people's livelihood is honorable work to bring the respected and beloved leader's lifetime noble intentions into bloom in reality.

The fatherly leader's lifetime intention was to wonderfully establish a socialist paradise where the independent ideals of the popular masses are brought into full bloom. In order to realize such a noble intention, the respected and beloved leader cared so much about the country's economic questions and the people's livelihood, without taking a comfortable rest. He devoted the whole of his last day, until his great heart stopped beating, to elucidating each of the questions arising from accelerating economic construction and improving the people's livelihood.

To uphold and thoroughly embody the respected and beloved leader's lifetime intentions serves as the primary duty of the functionaries of state economic organizations who have grown up as the guiding officials of the revolution with the most precious political life of living in the leader's bosom.

State economic organizations are resolute defenders and thoroughgoing performers of the ideology and leadership of the party and the leader. Without the struggle to realize the party's plans and intentions for economic construction, we cannot think of the raison d'etre and activities of state economic organizations, nor can we think of the genuine life and happiness of the functionaries of state economic organizations. Loyalty to the party and the leader should be displayed not by words, but by today's practical struggle to accomplish the fatherly leader's last wishes. The respected and beloved leader's last wishes completely elucidate all theoretical and practical questions arising from vigorously accelerating socialist economic construction. Therefore, when we regard the fatherly leader's last wishes as a guiding principle and carry out the struggle to realize those wishes, we can vigorously accelerate economic construction and further improve the people's livelihood under any circumstances.

All functionaries of state economic organizations should exert their utmost to meticulously carry on the economic organizational work without forgetting even for a moment the pledge of heart they made before the departed soul of the fatherly leader while shedding tears. In particular, with the correct perception that at present the struggle to accomplish the party's revolutionary economic strategy is rewarding and now under way in conformity with the far- sighted plans and intentions of the great leader [yongdoja] Comrade Kim Chong-il, such functionaries should organize and resolve all questions arising from the economic work and the people's life. In this way, they can fulfill their duty as the guiding officials, who have grasped the steering wheel of economic construction by devoting loyalty and filial piety, which they failed to fully discharge to the fatherly leader, to the great Comrade Kim Chong-il.

For state economic organizations to carry out a vigorous struggle to accelerate economic construction and improve the people's livelihood is also an important demand to smash the anti-socialist maneuvers by the imperialists and the reactionaries and to display the superiority and might of our own style of socialism comprehensively.

Our own style of socialism centered around the popular masses is our people's livelihood and life. Because of our own style of socialism, which is the most superior in the world, our people's life is being guaranteed; and their independent and creative livelihood is being brought into full bloom.

In the struggle to defend, safeguard, and glorify our own style of socialism, the duty of state economic organizations is very important.

At present, the imperialists and the reactionaries are on the frantic rampage to isolate and crush our Republic, which has soared as a success of socialism and which has been shedding bright light even under the rigorous whirlpool of history, while intensifying their schemes to impose political and military pressure and economic blockade. The confrontation with the enemies is the confrontation in terms of political and military strength, as well as in terms of economic might. Therefore, with a view to smashing the anti- socialist schemes by the imperialists and the reactionaries, and to displaying the superiority and inv[illegible]cibility of our own style of socialism, it is necessary to enhance the role of state economic organizations and vigorously accelerate socialist economic construction.

The genuine superiority of the socialist system is expressed in various fields of the social life; but, importantly, such superiority is intensively expressed in how the state guarantees, with responsibility, the people's material and cultural life. Accordingly, in order to fully display the superiority of the socialist system, it is necessary to accelerate economic construction and improve the people's livelihood in an epoch-making way so that the people can enjoy an independent and creative life to their hearts' content, politically, materially, and culturally. In this way, through the people's livelihood, which is improving with each passing day, all members of society can warmly feel the gracious benevolence of the party and the leader, and the superiority of the socialist system; and they can have a high level of ideological determination to defend with their lives and glorify this gracious system. In this way, to enhance the role of state economic organizations serves as an important demand to accelerate socialist economic construction and endlessly improve the people's livelihood with a view to more highly displaying the genuine superiority of the socialist system.

All state economic organizations should deeply recognize the importance of the stance and role of accelerating economic construction and improving the people's livelihood; and should thoroughly accomplish the militant tasks put forth by the party Central Committee's slogans, thereby further glorifying the socialist fatherland of chuche which is endlessly prospering and flourishing under the leadership of the great leader Comrade Kim Chong-il.

South Korea

Reports on Planned Deliveries of Rice to DPRK

DPRK Demands Rice Delivery Delay

SK2306232095 Seoul KBS-1 Radio Network in Korean 2245 GMT 23 Jun 95

[FBIS Translated Text] Last night [23 June], North Korea reportedly demanded the postponement of the delivery of 2,000 tonnes of rice slated to be handed over to the North at Najin Port on 25 June.

A high-ranking government official said North Korea informed the ROK that it was not yet prepared to accept the 2,000 tonnes of rice to be handed over to the North at Najin Port. The official said North Korea also revealed it did not expect the ROK to send the rice this soon.

The government will announce its official stance on this issue this morning.

Second-Day Talks Held in Beijing

SK2406105195 Seoul KBS-1 Radio Network in Korean 1000 GMT 24 Jun 95

[FBIS Translated Text] The Korea Trade Promotion Corporation and the Samcholli General Company of North Korea held the second-day working-level talks in Beijing on 24 June as the agencies in charge of the supply of 150,000-tonne rice to North Korea. In the talks, they reportedly reviewed a final draft of the agreement.

N-S Delivery Accord Summarized

SK2606124595 Seoul CHOSON ILBO in Korean 26 Jun 95 p 3

[FBIS Translated Text] Pak Yong-to, president of the Korea Trade Promotion Corporation [KOTRA], and Kim Pong-ik, president of the Korean Samcholli General Company, agreed on and signed the contract at 1225 [Beijing time] on 25 June 1995 based on the agreement on the provision of rice to North Korea signed between the North and the South delegations on 21 June 1995.

The major points of the contract are as follows: Immediately after the signing of the agreement, the South side will sail the first ship, and the rest of the shipment will be delivered to the North side no later than 10 August 1995. The polished rice will be packaged in 40 kg polypropylene bags with no markings whatsoever. The quality of the rice will be of humidity 15.0 percent or lower, the degree of grain damage 5.0 percent or lower, etc., thus following the South's farm produce inspection specifications. The transport of the rice will be made by a South side ship over 5,000- ton class for delivery to the North side at Chongjin or Najin port, and if necessary, a third country-flag vessel can be used. The South side will bear the expenses connected with the ship's freight up to the time of arrival at the unloading port, and the North side will bear the port charges and stevedoring charges. The North side will guarantee the personal security of the crew of the South side's ship and the safe return of the ship and provide the necessary services. The North side will provide the South side with a letter confirming the receipt of the delivery of the shipment for each ship within seven days of the completion of the stevedoring work. The problems raised in the course of fulfilling the contract will be solved through discussion between the delegations of the two sides that signed the agreement in Beijing on 21 June 1995.

The two sides discussed the detailed procedures based on the basic principles agreed upon between the delegations, and the KOTRA and the Korean Samcholli General Company, in particular, specifically discussed the smooth transport of the rice, the method and time of delivery, etc. Although it took the two sides some time to confirm the technical matters between them, the contract was made smoothly. With the signing of the contract, the Sea Apex sailed from Tonghae at 1700 on 25 June and is expected to be delivered to the North side following the designated sea route after consultation with the Singaporean Dayi Shipping Pie Limited, the North side's shipping agent designated by the Samcholli General Company.

Rice Quality, Schedule Discussed

SK2606130295 Seoul CHOSON ILBO in Korean 26 Jun 95 p 3

[Interview with Pak Yong-to, president of the Korea Trade Promotion Corporation, by unidentified reporters and compiled by reporter Kim Chae-ho on the North-South rice talks upon his arrival at Kimpo Airport in Seoul on 25 June — first paragraph is CHOSON ILBO introduction]

[FBIS Translated Text] Pak Yong-to, president of the Korea Trade Promotion Corporation [KOTRA], met President Kim Pong-ik and chiefs of relevant sections of the North Korean Samcholli General Company and working-level officials of the External Economic Committee in Beijing. He met them for about 10 rounds of rice talks at such places as the Guibinlou and China Hotels in Beijing. The following are questions posed by reporters and President Pak Yong-to's answers.

[CHOSON ILBO] What is your plan to establish a KOTRA trade center in the Najin-Sonbong area?

[Pak Yong-to] We have not discussed that at all. We discussed only the detailed procedures of the delivery of rice because my mission was the rice negotiation. We did not discuss anything else.

[CHOSON ILBO] What was the reason for the delay in the ultimate signing of the agreement?

[Pak Yong-to] The quality of rice and the date of delivery were the points of argument. The two sides agreed that the quality of the rice will be humidity 15 percent or lower, degree of grain damage 5 percent or lower, and amount of foreign material 0.1 percent or lower, and that there should not be any toxic material, such as bacteria and insects. Initially the North Korean side demanded humidity of 14 percent or lower. However, because the local inspection specification for farm produce is 15 percent or lower, lowering the humidity by 1 percent would take considerable time. The North Korean side finally agreed to 15 percent humidity in order to get the rice supply as soon as possible. Highly estimating our ability to pound rice, and the ability to freight by sea and inland, the North Korean side requested us to make the delivery date over 15 days earlier than the agreed date of delivery (10 August). However, reviewing our ability to pound and to freight by sea and inland, we decided it was impossible to make the delivery before 10 August. So we stuck to 10 August. We did so because we wanted to prevent the first inter-Korean contract from breaking due to an unreasonable agreement, thereby breaking down confidence between the North and the South.

[CHOSON ILBO] What was the reason for the North Korean side to request the postponement of the sailing of the first ship?

[Pak Yong-to] The North Korean side thought that it would take our side longer to deliver the rice after the conclusion of the vice ministerial-level talks. However, because our side was so swift in making the delivery, the North Korean side was not prepared.

[CHOSON ILBO] Do you have any plans to meet the North Korean side in the course of the delivery of the rice?

[Pak Yong-to] We need not meet. However, the two sides agreed to contact through Beijing in case either side has a question in the course of delivery. If there is significant difference between the result of our inspection of the quality of the rice and the result of the North side's inspection, we may have to meet to consider appropriate measures.

[CHOSON ILBO] Did North Korea make any other request?

[Pak Yong-to] The North Korean side requested our side to inform them of the description of the ship, the list of the ship's crew members, and the quality and quantity of the rice five days before the sailing date.

[CHOSON ILBO] What sea route will the ship follow?

[Pak Yong-to] The ship will leave our territorial waters for the high seas and go to Najin and Chongjin ports. The ship will not dock at the pier, but barges will carry the rice ashore from North Korean coastal waters.

[CHOSON ILBO] What flag will the ship fly?

[Pak Yong-to] If it is a ROK-flag vessel, it will fly our national flag; and if it is a foreign-flag vessel, it will not fly our national flag.

Kotra President Pak Comments

SK2506120595 Seoul KBS-1 Radio Network in Korean 1000 GMT 25 Jun 95

[FBIS Translated Text] All of the 150,000 tonnes of ROK rice to be supplied to the DPRK will arrive in North Korea by 10 August. Pak Yong-to, president of the Korea Trade Promotion Corporation [Kotra], who returned home today after concluding the working-level negotiations held in Beijing, said that Kotra and North Korea's Korea Samcholli General Co. agreed to and signed a detailed implementation plan.

President Pak said that the final delivery date was expedited because North Korea wanted to receive the rice as soon as possible. He added that North Korea's request to postpone the shipment of the first 2,000 tonnes of rice was because the preparations at the Najin Port had not been completed. President Pak said that the signing of the agreement was delayed due to the differences between the North and South Korean positions on the rice quality and delivery date.

As to the transportation conditions, both agreed to send the rice by 5,000-tonne or bigger South Korean ships to the Najin and Chongjin Ports in the North. The North side is to guarantee the personal security and safe return of the South Korean crew and provide necessary conveniences.

Rice Shipment Ceremony Reported

SK2506105895 Seoul KBS-1 Television Network in Korean 0801 GMT 25 Jun 95

[Report by ROK Vice Unification Minister Song Yong-tae at a ceremony marking the departure of the freighter "Sea Apex" carrying 2,000 tonnes of rice to North Korea at Tonghae Port in Kangwon Province — live]

[FBIS Translated Text] I think it is meaningful that we are sending soon to North Korea the first freighter carrying rice for the North Korean compatriots. I will explain the course of events so far concerning the supply of rice to North Korea.

During the congratulatory speech on the Day of Independence last year, President Kim Yong-sam emphatically said that promoting national welfare must be the focus of North-South relations and declared that considering the North Korean economic situation, we would extend all cooperation and assistance to North Korea.

Also, in a speech in Berlin on 7 March during his European tour, he said that we would extend all cooperation in all fields if North Korea needs such cooperation and that we are willing to provide grain, resources, and materials to North Korea.

Also, during his speech at the of the International Press Institute conference in Seoul on 15 May this year, President Kim again said that we are willing to provide grain, resources, and materials which North Korea urgently needs.

After our government expressed our willingness to provide materials to North Korea on many occasions, North Korea reacted for the first time last May. On 20 May, Yi Song-nok, chairman of the Committee for the Promotion of International Trade of North Korea, who was then visiting Japan, informed our government indirectly that North Korea would even receive ROK rice if no conditions are attached. In response, on the same day, on 26 May [as heard], Na Ung-pae, deputy prime minister and national unification minister, said that the ROK would provide grain to North Korea without any condition or political conditions, and proposed that representatives of the two sides' authorities meet to discuss the procedures.

On 27 May, the prime minister presided over a meeting of relevant ministers and confirmed the principle that it is desirable to handle the rice provision issue in ways favorable to improving North-South relations. Also, on 6 June, we again asked North Korea to accept our side's proposal for contact between the authorities, which is a minimum requirement necessary for North Korea to receive rice from the ROK.

In response to our government's repeated overtures to provide grain to North Korea, North Korea proposed on 9 June that the Korea Trade Promotion Corporation [KOTRA] and North Korea's Samcholli General Company meet in Beijing on 13 June to discuss this issue.

KOTRA had contacts with North Korea's Samcholli General Company between 13 and 16 June and informed the North Korean company that North and South Korea authorities hold discussions first. And, North Korea accepted this consistent position of our government.

North and South Korean authorities began talks on 17 June in Beijing and, finally, North and South Korea signed a seven-point agreement on 21 June.

President Kim Yong-sam told a meeting of relevant ministers on 22 June that every measure must be taken to send rice to North Korea within the promised deadline, and the government and all people have participated in the polishing, transportation, and loading of rice. As a result, we are about to send the first freight to North Korea today.

I sincerely hope that the rice we are sending to our North Korean compatriots today will resolve their food crisis, provide an occasion to extend our people's warm love and sincerity to them, and bring about national reconciliation. I conclude my report with this. Thank you. [applause]

Prime Minister Speaks at Ceremony

SK2506111395 Seoul KBS-1 Television Network in Korean 0805 GMT 25 Jun 95

[Speech by ROK Prime Minister Yi Hong-ku at the departure ceremony for the freighter Sea Apex carrying 2,000 tonnes of rice to North Korea, at Tonghae Port in Kangwon Province — live]

[FBIS Translated Text] Dear fellow countrymen and Tonghae citizens present here under the rain: We are at a significant moment of the first sailing for conveying the warm fraternal love of all the people with national strength. In a little while, 2,000 tonnes of our rice will depart Tonghae Port and sail toward Najin Port in the North for delivery to the North Korean compatriots. In a few days, the remaining 148,000 tonnes of rice will be shipped to North Korea from various ports across the country.

I express my sincere gratitude to fellow countrymen, who actively supported and backed the government's sincere effort to achieve pure fraternal love. I also send my deep gratitude to all those who worked day and night during all the process of polishing and transportation, wishing the rice filled with the love and care of all the people will reach the North without any difficulty.

Fellow countrymen: We have mixed feelings today sending the ship to the North on the day of the 40th anniversary [as heard] of the Korean war. Marking the 50th anniversary of the liberation and division, the South and the North should now open a new era, in which the two sides seek mutual development and improvement of national welfare based on reconciliation and cooperation. This is the wish of the people and the direction of the consistent policy of our government. This is also the objective of President Kim Yong- sam's offer of grains and materials to North Korea made on several occasions since he announced his idea of the common national development plan.

Our nation lived on rice for thousands of years on our land. Rice is the source of energy for our nation. Helping compatriots with rice when they are in hardship is an instinct of national emotion. Now, a precious milestone is provided in the history of North-South relations. This is an excellent precedent proving that any difficult issue can be resolved if the South and the North resolve everything through negotiations between responsible authorities based on the spirit of reconciliation and cooperation.

When we had flood damage in September 1984, we received rice and cement aid from the North. The rice aid agreement made 11 years later confirms that the South and the North can help each other as much as they want. I sincerely hope that the rice aid to North Korea will provide a significant opportunity to build reconciliation and trust between the South and the North and start full-fledged exchange and cooperation. Along with all the people, I hope that the South and the North will help each other, and, based on mutual cooperation, the entire nation will jointly pursue prosperity and build a national commonwealth.

Fellow countrymen: When the ceremony is over, amid the grand sound of the steam whistle, that ship loaded with the care and love of all the people will sail toward a new horizon of North-South relations. However, this is only another start of the long march toward reunification. Based on calm patience and firm national consensus rather than hasty expectation, we will continue to exert our effort to achieve reunification. Let us all record today in our history as a great day that opens the era of national reunification. Thank you.

Sea Apex Establishes Contact

SK2606070895 Seoul YONHAP in English 0704 GMT 26 Jun 95

[FBIS Transcribed Text] Seoul, June 26 (YONHAP) — The South Korean freighter "Sea Apex" carrying the first 2,000-ton batch of rice aid to North Korea established radio contact with the Chongjin radio station at around 10 AM Monday [0100 GMT 26 June].

The freighter managed to establish the contact only after it sent radio messages to the North Korean radio station by way of the Choshi wireless station in Japan, "the rice aid situation room" operating at the Agriculture, Forestry and Fisheries Ministry said Monday.

At the North's request, the Sea Apex, which departed Tonghae Port Sunday afternoon, is navigating towards the port of Chongjin instead of its original destination, the port of Najin.

The first radio message the South Korean freighter received from Chongjin read, "One of our (North Korean) pilots shall meet your vessel when it reaches a point in Chongjin Harbor where it must be guided by a pilot," according to the situation room.

Once the Sea Apex enters Chongjin Port, guided by a North Korean pilot, the vessel has to abide by the North's instructions ceasing all radio communication with its firm, the Namsong Shipping Co.

Under international practices, Namsong expects that North Korea will keep it informed regarding progress in the rice's unloading, crewmen's safety, the condition of the vessel and when it will depart for the South through the North's maritime agent, Kosa. Otherwise, the North Korean authorities may relay such information directly to the Seoul central wireless station, a company official said.

Ship Changes Course for Chongjin

SK2506224795 Seoul KBS-1 Radio Network in Korean 2100 GMT 25 Jun 95

[FBIS Translated Text] The freighter Sea Apex, which was sailing toward Najin Port after departing Tonghae Port on 25 June and which is carrying 2,000 tonnes of rice to be provided to North Korea, is now heading for the new destination Chongjin Port at North Korea's request.

A government authority stated: At around 1100 last night [1400 GMT 25 June], the Samcholli Corporation, North Korea's channel for rice aid to North Korea, asked via the Korea Trade Promotion Corporation office in Beijing if the 2,000 tonnes of shipped rice could be unloaded at Chongjin Port and not the original destination of Najin Port. Accordingly, the Sea Apex has changed course.

However, it has not revealed why North Korea requested the change of destination.

Meanwhile, the Sea Apex crossed the Military Demarcation Line at around 1030 last night [1330 GMT 25 June] without sailing out to the open sea, and is now sailing toward Chongjin Port.

More Rice Loaded in Other Ports

SK2506225595 Seoul KBS-1 Radio Network in Korean 2103 GMT 25 Jun 95

[FBIS Translated Text] Following the first shipment of 2,000 tonnes of rice to North Korea from Tonghae Port on 25 June, more rice will be shipped from Masan, Mokpo, and Kunsan Ports today [26 June].

The freighter Eastern Venture loaded 795 tonnes of rice at Mokpo Port yesterday and will load a total of 3,500 tonnes of rice by 29 June.

At Masan Port, the freighter Tolchin has already loaded 1,038 tonnes of rice and will additionally load 962 tonnes of rice by tomorrow.

At Kunsan Port, by tomorrow afternoon the freighter Haenjin will load 1,200 tonnes of rice from the storage yard plus an additional 1,300 tonnes of rice that is supposed to arrive soon, and will ship it on 30 June.

Departure Dates Not Determined

SK2506060995 Seoul YONHAP in English 0603 GMT 25 Jun 95

[FBIS Transcribed Text] Mokpo, South Cholla Province, June 25 (YONHAP) — Following Sea Apex, Eastern Venture of Taebo Shipping Co. began loading rice bags to be shipped to North Korea at 10:00 A.M., Saturday [0100 GMT 24 June], at an outport of Mokpo city.

The freighter with 14 crewmen is scheduled to leave for Mokpo port for the North after shipping a total of 3,500 tons of rice by Friday.

The carrier's departing date is yet to be fixed since the North has requested postponement of rice transportation.

Public Support for Rice Deal Said Decreasing

SK2506010595 Seoul THE KOREA TIMES in English 25 Jun 95 p 2

[FBIS Transcribed Text] People are fickle, as the range of opinions people have of the government agreement to provide rice to North Korea illustrates.

Till the rice supply accord was wrapped up in Beijing Wednesday [21 June], most people had supported the plan. But with time, the voices of those who did not fully agree with the rice aid begin to be heard.

Criticism centers around the "groveling" attitude of the government and the amount of aid rice. At first, people thought the aid amount would be somewhere around 50,000 tons and additional portions to be decided on through further negotiations.

But the amount turned out to be 150,000 tons. On top of this, President Kim Yong-sam committed himself to giving even more by importing rice if it is necessary.

Can President Kim alone singlehandedly decide such an important issue? Of course, there might have been serious in-house discussions. But it was kept under the lid so closely that the full picture of rice negotiations is hard to come by.

South Korean delegate Yi Sok-chae, vice finance-economy minister, and his North Korean counterpart Chon Kum-chol failed to sign the rice accord in public. To North Korea, it may be "humiliating" to sign in public to receive relief rice from the South. As soon as the rice negotiation was wrapped up in a Beijing Hotel, North Korean delegate Chon hurried away from reporters without opening his mouth to a flurry of questions hurled at him.

Terms of supply, from the viewpoint of international practices, are too much concessions to the North. Some even label them as humiliating. But the government authorities said, "We, as elder brother, have to put up with the mischief of the North since the supply of rice is an expression of brotherly compassion."

Under the terms of supply, no bags carrying the rice should bear any marks of origin so that North Korean people will be left in the dark as far as its origin is concerned. This is a strong indication that the North is leery of possible destabilization if the origin of the rice aid is revealed.

People doubting the propriety of the government decision ask if the government purse is fat enough to afford to give a "large" amount of rice to the North.

It is really ironic that the beneficiary, the North, speaks big while its benefactor in the South grovels.

On the eve of the shipment of the rice, the North abruptly asked the South Friday to delay the delivery for a couple of days allegedly because of their unpreparedness. It is said the Najin port, where the South Korean freighter is to anchor today, is not ready to unload the rice from the South. It is only hoped that there is no ulterior politicking behind the cited reason for the delay.

However, it is conceivable that North Korea does not want to give helping hand to President Kim Yong-sam by receiving the rice aid on the eve of the June 27 local elections. This reasoning is possible in view of fiery personal criticism of President Kim by the North's propaganda organs.

Other plausible reason for the delay can be found in the possibility there is in-house cacophony on receiving rice.

Recent broadcasts from a Pyongyang radio were critical of receiving rice from abroad, arguing that it will inevitably lead North Korea into the hands of foreign nations in flagrant violation of "chuche or self-reliance" ideology.

If this is the reason, the Beijing accord was meted out just to ridicule President Kim whom North Korea severely criticizes for not sending condolences on the death of Kim Il-song.

Another reason can be that North Korea has no intention of receiving rice from South Korea from the start. Beijing accord is only a tactic to get rice from Japan.

Now talks are going on between Pyongyang and Tokyo on the rice supply issue. This reasoning looks specious. However, Tokyo can hardly jump onto North Korea, risking troubles with Seoul.

Even after the Beijing accord, North Korean radio is now abuzz with anti-South tirades.

Whatever the reason might be, it is not agreeable for the first shipment to be delayed.

The rice accord should be carried out without fail as a step toward mutual reconciliation. It is better to give the benefit of doubt.

Prime Minister Yi Hong-ku once said, when he was unification minister, that the South has always been pulled around in inter-Korean negotiations.

Senior Official: Venue Set for Next N-S Talks

SK2406011595 Seoul THE KOREA TIMES in English 24 Jun 95 p 16

[FBIS Transcribed Text] The date and place for the second round of talks between South and North Korean officials have been set and an agreement on investment protection will be at the top of the agenda, a senior government official said yesterday.

Vice Economy and Finance Minister Yi Sok-chae told reporters however that details about the second series of meetings to discuss the provision of rice and other issues are being with-held in accordance with a request from the North.

Yi said a new delegation will be put together for the talks.

"We will be pushing for an early agreement on the protection of investments by South Korean companies in North Korea," he said.

He made the remarks in his first meeting with MOFE [Ministry of Finance and Economy] reporters since his return from the first round of talks in Beijing at which he oversaw the successful conclusion of the supply of 150,000 tons of rice to Pyongyang at no charge.

The vice MOFE minister said there was extensive discussion of the implementation of an arrangement for investment protection during the first meeting as well.

"North Korea expressed a strong desire to attract investment from South Korean companies and we made it clear that we need to establish an agreement to protect such investments," he said.

Yi commented that a wide range of subjects will be included in the agenda at the second round of meetings, one of which will be the supply of more rice from South Korea.

There have been continuing poor harvests in North Korea and the communist regime is apparently finding it difficult to feed its people, the vice minister explained.

Among the topics of discussion in the Beijing talks were the expansion of economic relations, repatriation of South Korean fishermen now being held in the North and overall improvement in ties.

Asked about the rationale for the provision of free rice to North Korea when there are pressing issues, such as poverty, right here at home, the vice MOFE minister said it was the "right move at the right time."

"Considering that the North was asking for the aid without preconditions indicated that this was an appropriate time for Seoul to take the initiative in enhancing relations with Pyongyang," Yi explained.

In connection with the North Korean request that the South provide 1 million tons of rice, 80 percent free of charge and 20 percent for a price, he quoted President Kim Yong-sam as saying the aid might as well be offered "at no cost."

He went on to say that should South Korea need to resort to foreign purchases to supply North Korea's needs in the future, the rice will mostly like be shipped directly from the source.

Daily Describes North Korean Food Situation

SK2606112195 Seoul CHUNGANG ILBO in Korean 26 Jun 95 p 12

[Report by Yu Yong-ku]

[FBIS Translated Text] Yi Sok-chae, vice finance and economy minister, who represented the ROK at the rice talks with North Korea in Beijing, said: "As for the amount of rice North Korea wants the ROK to ship, it said, 'The more, the better'." It was once reported North Korea requested 3 million tonnes of rice.

Summing up all data available, agricultural experts estimate the North Korean food shortage at over 2 million tonnes this year. This means the food shortage is far more serious than we thought.

There are many examples showing the difficult food situation.

For example, last month, North Korea supplied 15-day portions of the monthly food rations to all Pyongyang citizens, except for the residents of Chung District, central Pyongyang.

Given the situation in Pyongyang, a special area, it is needless to talk about other areas. Food rations are three to four months overdue in North Hamgyong Province and Yanggang Province. Therefore, people eat two meals a day in those provinces. Still, they cannot have meals cooked with rice.

North Korea now faces difficulties in importing substandard rice from China because China restricts exports of such rice due to its own food shortage.

It is no longer a secret that North Korea imports corn for animal feed and distributes it as food for humans.

China, in the 12 June edition of REFERENCE MATERIALS (a collection of foreign media reports distributed to high-ranking officials to inform them of news outside China), carried a report by Japan's ASAHI SHIMBUN on North Korea's food shortage.

Food rations are several months overdue. However, people manage to buy rice from farmers' markets.

Minor vendors who visit Chinese-North Korean border areas state that rice prices have skyrocketed. One kilogram of rice cost 33 to 38 won in early May at farmers' markets in North Hamgyong Province and other areas — it has risen to 70 won since late May.

This is an exorbitant price given the fact that a North Korean worker earns approximately 100 won a month.

Considering the food situation in May, we can easily assume the concern of the North Korean leadership regarding the food situation it may have to face from July to September.

The food crisis has driven North Korea to abandon its pride and ask the ROK and Japan to provide rice and, eventually, choose pragmatism.

Predictions on what has caused the North Korean food crisis are unanimous.

They cite a shortage of arable land, a significant shortage of farmers, the acidification of arable land, a shortage of fertilizers, and a fuel shortage so farmers cannot use agricultural equipment. Moreover, bad weather and harmful insects devastate farming. Corn, which is a major staple in North Korea, is particularly vulnerable to bad weather.

Farmers are not motivated to work and do not work hard in farming. This is also a problem. Defectors from North Korea unanimously point out that farmers have become "guidance farmers" who teach farming to students, factory workers, and other people who come to rural areas to help.

To revive farmers' motivation, North Korea must introduce a Chinese-style family contract system. However, North Korean authorities insist on the current system.

North Korea supplies approximately 70 percent of its food on its own and must import the remainder. However, it is not easy for North Korea to do so because of its foreign exchange problem.

North Korea seems to feel a sense of urgency because it must have a good harvest this year, the 50th anniversary of the party's founding.

It was confirmed even vice ministers of the Administration Council did farming work for five to 10 days during the transplantation of rice seedlings.

MINJU CHOSON, a North Korean Government organ, recently reported that Kim Chong-il recently "presented a measure to mobilize the entire party, the entire country, and all people to decisively increase grain production."

North Imports 'Daily Necessities' From South

SK2606121595 Seoul CHUNGANG ILBO in Korean 26 Jun 95 p 25

[Report by Min Kuk-hong]

[FBIS Translated Text] North Korea faces shortages of daily necessities, as well as a grain shortage, and, therefore, imports sugar, edible oil, soaps, and other materials through ROK general trading firms in Beijing.

Officials of ROK general trading firms and maritime transportation companies stated on 25 June that North Korean companies in Beijing tell ROK business companies in Beijing that North Korea faces serious shortages of daily necessities, as well as a shortage of rice. They also say: "We want to buy sugar, edible oil, soaps, toothpaste, toothbrushes, and other daily necessities on credit or through barter trade."

In particular, Beijing offices of Unha General Trade Corporation and other trading firms under the North Korean Light Industry Committee are reportedly contacting ROK companies and competitively discussing deals. Significant deals on sugar, edible oil, and soaps have been worked out despite the worsening foreign exchange situation in North Korea. It has been confirmed that over 10,000 tonnes of sugar were shipped to North Korea. Last year, 5,300 tonnes ($3.93 million) were shipped.

A ROK maritime transportation company that ships goods between North and South Korea says that it recently unloaded two loads of 1,500 tonnes of sugar each in North Korea and is preparing to transport 2,000 tonnes of sugar and 1,000 tonnes of edible oil soon.

A total of 1,300 tonnes of edible oil will be shipped to North Korea before the end of July. No edible oil was shipped last year. Negotiations continue regarding the sale of 2,000 tonnes of soap, including laundry soap, to North Korea. So, they will likely soon be shipped to North Korea.

Another shipping company transported 4,000 tonnes of sugar and 400 tonnes of edible oil to North Korea in March and April. A ROK company that has been negotiating with North Korea to sell 2,000 tonnes of laundry soap asked this shipping company to arrange transportation to North Korea.

Also, 480 tonnes of laundry soap were shipped to North Korea in 1983 and 500 tonnes of bath soap in 1994. This time, four times as much soap will be shipped. ROK general trading firms say that it is difficult to work out deals with North Korea because it wants deals on credit or barter trade for the high domestic prices of soaps, toothbrushes, toothpastes, and daily necessities.

North External Economic Policy Groups Examined

SK2606123595 Seoul CHUNGANG ILBO in Korean 26 Jun 95 p 12

[Article by Kang Yong-chin: "North Korea's External Economic Policy Organizations"]

[FBIS Translated Text] Chon Kum-chol, North Korean delegate to the North-South rice talks, participated in the talks in his capacity as an adviser of the Committee for the Promotion of External Economic Cooperation of Korea [CPEECK] (chairman Kim Chong-u) — a semi-government organization — a division under the External Economic Committee [EEC] (chairman Yi Song-tae), a North Korean Government organization.

However, Chon Kum-chol has almost nothing to do with both the EEC and CPEECK. His participation in the rice talks as adviser of the CPEECK is believed to be in response to South Korea's request for holding talks between authorities from the both sides.

Right or wrong — interest in the CPEECK has deepened as a result of the use of the committee name by Chon Kum-chol. On this occasion, let us look into North Korea's organizations responsible for external economic policy.

Originally, North Korea regarded the external economic sector as an auxiliary means of socialist economic construction to carry out its self-reliant economic policy. Beginning in the nineties, however, North Korea adopted a "trade-first policy" under the judgment that it cannot overcome its degenerated economic situation following only self-reliant economic policy.

To back this, North Korea has recently and reportedly reorganized the government's external organizations and its auxiliary organizations on many occasions.

Just like the ROK Government's merger of the Ministry of Trade and Industry and the Office of Customs Administration, the EEC was formed by a merger of the Trade Ministry and the External Economic Business Department in December 1992.

The EEC has 15 auxiliary organizations in charge of trade business, customs business, joint-venture business with foreign companies, transport, and trade with South Korea.

In addition to this, the EEC has auxiliary organizations, semi- government organizations, such as the Committee for the Promotion of International Trade of Korea; the Association for the Exchange of External Science and Technology of Korea; and the Committee for the Development of the Economy of Korea, an auxiliary organization of the above-mentioned CPEECK.

Of these organizations, the CPEECK and the Committee for the Promotion of International Trade of Korea are the most important. The former is responsible for mainly attracting foreign capital and technology and for developing the Najin-Sonbong area, designated as the special zone for opening up. The latter is in charge of trade affairs of its several auxiliary trade companies.

Also, the Exchange Bureau of North-South Economic Cooperation under the EEC is directly in charge of the South Korean enterprises' investment affairs in North Korea, while transferring the Najin- Sonbong development business-related work to the CPEECK.

DPRK Announces 25 Jun Armistice Accord Repeal

SK2406023495 Seoul YONHAP in English 0230 GMT 24 Jun 95

[FBIS Transcribed Text] Seoul, June 24 (YONHAP) — North Korea has notified the United Nations Command (UNC) here that it will soon declare the 1953 Korean Armistice Agreement null and void, a ranking government source said Saturday [24 June].

In a field-grade officers meeting with the UNC at the truce village of Panmunjom Thursday, according to the source, the North Korean officer told his UNC counterpart that North Korea would declare the truce accord null and void on Sunday.

But the North Korean officer did not mention in what form the declaration would be made or what follow-up measures it would take, the source said.

The South Korean Defense Ministry is said to be skeptical as to whether the North will really make the one-sided declaration because no formal written notice was given.

Ministry Views DPRK's Intention

SK2406103895 Seoul KBS-1 Radio Network in Korean 1000 GMT 24 Jun 95

[FBIS Translated Text] It has been learned that North Korea has recently notified the UN Command in the ROK of its intention to repeal the Armistice Agreement on the anniversary of the Korean war which falls tomorrow, 25 June.

According to the Ministry of National Defense, in the contact of field grade officers between the UN Command and the North Korean side held in Panmunjom on 22 June, North Korea unilaterally notified that it would announce the repeal of the Armistice Agreement as of 25 June.

The Ministry of National Defense analyzed, however, that such a move by the North Korean side was intended to realize a contact of general-level officers between the United States and the North. The ministry made clear that, for the moment, it is watching for North Korea's next move.

North 'Playing With Fire'

SK2606095095 Seoul CHUNGANG ILBO in Korean 26 Jun 95 p 3

[Editorial: "North Korea's Playing With Fire in 'Repealing the Armistice Agreement'"]

[FBIS Translated Text] It seems that in the negotiations on the light-water reactor issue and the provision of rice, North Korea's attitude changed considerably and became more practical. There is a side of North Korea, however, that never changes. It is a side embellished with North Korea's strategies toward the South, which we have been familiar with for a long time. We saw the side again one day after we agreed to provide North Korea with 150,000 tonnes of rice free of charge. That is, a North Korean Army officer notified a U.S. Army officer of the UN Forces at Panmunjom that North Korea would declare the abolition of the Armistice Agreement on 25 June on the anniversary of the Korean war. This situation falls far short of all the people's expectations for warm relations between South and North Korea following the national fellowship-based food aid.

North Korea's attempt to abate the Armistice Agreement is not new because it has existed for a long time. North Korea has strengthened its attempts in phases by having Chinese members withdraw from the Military Armistice Commission at Panmunjom and by closing up the Neutral Nations Supervisory Commission. Accordingly, we could anticipate that North Korea would ultimately pose threats to achieve its political purposes with the abolition of the Armistice Agreement as the final phase.

However, there is a big difference between merely posing threats and taking real actions to abolish the Armistice Agreement. In light of its literal and logical meaning, the intention to abolish the Armistice Agreement indicates the intention to stop the cease-fire state and return to a state of hostilities.

The Armistice Agreement is the only systemic device that has prevented a military clash on the Korean peninsula for the past 42 years. It is terrible to think of the worst case in which a crisis would be created on the Korean peninsula without this system.

What is the real intention of North Korea in attempting to eliminate this system? Of course, it is North Korea's covert aim to pave the way for the withdrawal of U.S. troops from the ROK by signing a peace treaty with the United States and to create ultimately the ground for reunifying the country according to its desires. However, North Korea's attempt is an irresponsible act that is driving both South and North Korea into an extremely dangerous situation, as well as disturbing the current cooperative atmosphere created between North Korea and the United States, between North Korea and Japan, and between South and North Korea.

The government has been well aware of North Korea's intention to damage the Armistice Agreement. However, it is very significant that North Korea has mentioned the abolition of the Armistice Agreement, irrespective of the way it employed in mentioning it. With a prudent approach, the government should make all possible preparations to cope with this situation, such as checking North Korea, not only through close cooperation with friendly nations, including the United States, but via the United Nations.

Papers on Rice Delivery, Armistice Situation

SK2606110395

[FBIS Editorial Report] The following is a compilation of articles and editorials carried in 26 June Seoul vernacular dailies on the ROK's supply of rice to North Korea and North Korea's threat to repeal the Armistice Agreement.

The conservative CHOSON ILBO carries on page 2 a 600-word article in the "Reporter's Memo" column by North Korean affairs reporter Ku Song-chae that reports North Korea is now playing a multifaceted game of dealing with various opponents at one time — first, the ROK on rice supply; second, Japan also on rice supply; third, the United States on negotiations on the supply of heavy oil; and lastly, again the ROK at Panmunjom where North Korea has been trying to deal only with the United States while threatening to repeal the Armistice Agreement.

The article analyzes that North Korea may have chosen to play a multifaceted game of dealing with many opponents at a time on the basis of its own judgment that a multifaceted game — instead of a unilateral game of dealing with the ROK — is advantageous to North Korea. While looking at the "stunned" ROK Government in the face of North Korea's threat to repeal the Armistice Agreement immediately after the rice talks were concluded, the article concludes by expressing concern that the ROK is optimistically looking at the prevailing situation in the belief that North Korea may make concessions in one game if the ROK makes concessions in another.

The moderate TONG-A ILBO carries on page 3 a 900-word editorial that reviews the 25 June departure of the

Sea Apex carrying the first shipment of 2,000 tonnes of ROK rice bound for North Korea.

Reviewing the government's efforts to open a breakthrough to improve South-North relations, the editorial urges the government not to turn a deaf ear to public opinion that a strange style of negotiations — in which our side has to entreat North Korea to accept our rice — should not continue. The editorial stresses the need to hold a second round of rice talks to provide a further supply of rice to North Korea through a contract instead of providing rice free and that the government of North Korea should be the party concerned to the second round of negotiations. The editorial concludes by stressing the need to be alert against North Korea's activities to create tension by repealing the Armistice Agreement, reporting that "North Korea's doubled-faced attitude of receiving rice on the one hand, and threatening our side on the other will only increase our sense of humiliation."

The moderate CHUNGANG ILBO carries on page 2 a 400-word article by foreign affairs reporter Kim Song-chin that reviews the unchanged attitude of North Korea even after the South and North Korea reached an agreement on 21 June to supply rice to North Korea. The article notes that North Korea has since then intensified its denunciation of the South, while citing North Korea's disclosure of its "weird" intention to repeal the Armistice Agreement at a contact of field grade officers between North Korea and the United States held at Panmunjom on 22 June.

The article interprets such a double-faced attitude of North Korea as meaning that North Korea is attempting to cause a rift in South Korea or that a confrontation between power elites in the North Korean hierarchy has surfaced. To back up this analysis, the article continues that a confrontation between North Korea's power elites is based on North Korea's hard-line forces' attempt to check the pragmatists, such as Kim Yong-nam of the Foreign Ministry and Kim Yong-sun of the Asia-Pacific Peace Committee.

The moderate KYONGHYANG SINMUN carries on page 3 a 900-word editorial that reviews South-North economic cooperation, including the rice talks. The editorial quotes a ROK working-level negotiator to the rice talks held in Beijing as conveying that the North side wants the earnest expansion of economic cooperation between the South and the North, urging both the South and the North to achieve reconciliation and cooperation. The editorial urges the North to give up its unrealistic strategy toward the South and stresses the need to systematically back up South-North economic cooperation by galvanizing the "South-North Joint Economic Committee," which was envisioned by the South-North basic agreement in 1992. The editorial goes so far as to suggest "the opening of economic missions in Seoul and Pyongyang, which will also have consular functions; the establishment of open accounts aimed at expanding direct trade transactions; the provision of a dispute mediation process; and the conclusion of an agreement on the avoidance of double taxation or an agreement on a guarantee for investments."

Illegal Visa Dealing at U.S. Embassy Alleged

'Tripartite Transactions' Viewed

SK2406055695 Seoul CHOSON ILBO in Korean 24 Jun 95 p 31

[First installment in a three-part series of articles by reporters Pak Chong-se and Kim Min-chol: "Dealing in Visas"]

[FBIS Translated Text] It was revealed that U.S. Embassy employees, visa brokers, and agents that arrange overseas studies for ROK students formed "a tripartite connection" to commit irregularities involved in visa issuance by the U.S. Embassy. In an organized manner, they were engaged in "visa transactions" for enormous amounts of money with students who want to study abroad.

There are two routes for getting illegal visas: one costs 10 million won [$13,000] and the other 7 million won [$8,800]. Through the former route at a cost of 10 million won, a visa is issued within a week with a 100-percent guarantee, while the latter requires more than 10 days and the rate of issuance is approximately 80 to 90 percent.

A relevant person in the agency arranging overseas studies said: "It is an unwritten regulation that in case of a 10-million-won deal, the agent arranging the overseas studies takes two million won, the broker three million won, and a man in the U.S. Embassy five million won."

"The tripartite connection" begins functioning by first denying a visa to middle and high school students applying for a student visa, even though they meet all required qualifications.

This being the case, parents of the student, who is anxious to go to school by a designated date, voluntarily visit the agents that arrange overseas studies, including "The 21st International." On the other hand, a broker obtains the list of visa applicants from a U.S. Embassy employee and contacts them individually to arrange a deal.

A certain Kim, 48, who runs a large restaurant in Kangnam, stated: "We applied for visas for my son, a

15-year-old middle-school student, and our 14-year old daughter, to send them to a school in the western part of the United States, but they were both denied. Therefore, I went to an agent who arranges overseas studies. There they asked for 10 million won for each, and I gave them the money. The visas were issued within a week."

A certain Choe, 50, a dentist, said: "I applied for a visa for my son to send him to a high school in the United States, having all the required documents. However, he was denied. Later, a broker contacted me on the phone and requested 10 million won. I refused, and asked how he knew about our application for a visa. He hung up the phone."

This type of visa transaction was committed on a full scale beginning two to three years ago when youths from rich families rushed to go to the United States to study. A certain agent who arranges overseas studies for students noted that up until three or fours years ago, when middle- or high-school students applied for visas, they were immediately granted visas only if they submitted relevant documents, including one certifying their parents' financial status. However, from the middle of 1992, the rate of granting visas was drastically reduced to 30 percent.

In particular, at the beginning of this year the degree of such irregularities became quite serious, and even qualified visa applicants were denied. As a result, agents who arrange overseas studies are at their wits' end.

A certain Pak, director of the M Overseas Studies Headquarters, stated: "The number of refusals from the beginning of this year to April increased as compared to last year. Recently, even those who want to pursue master's and doctor's degrees were refused visas."

He then asked: Can one commit such irregularities without collaborating with those handling the issuance of nonimmigration visas (sightseeing, visiting, and study)?

The issuance of illegal visas, as exposed in the case of Jennifer Kim (female), a Korean-American who was dismissed, has been practically handled by "the Korean employees" in the U.S. Embassy.

Deals at 'Arranging' Agencies

SK2506021495 Seoul CHOSON ILBO in Korean 25 Jun 95 p 30

[Second installment in a three-part series of articles by reporters Yang Kun-man and Kim Tong-sok: "Dealing in Visas"]

[FBIS Translated Text] Who were the "customers" involved in the illegal visa issuance case, and through what route did they buy such expensive items (visas) without much difficulty?

The key lies with the agencies that arrange overseas studies and with visa brokers. They played the role of intermediary, linking the U.S. Embassy—the supplier—and students wishing to study abroad—the consumers. They forged a deep relationship with the U.S. Embassy over many years, making themselves familiar with embassy employees. Thus, based on their "know-how and personal relations," accumulated over a long period of time, they contacted "the customers."

Of 300-odd agencies engaged in arranging overseas studies for students, those who specialized in handling illegal visas number three or four, including "The 21st Century International" which is currently under suspicion. All other agencies merely played a passive role, introducing students who inquire about illegal visa issuances to these specialized agencies. These agencies put advertisements in newspapers nearly every day at the cost of several million won to openly recruit "customers," and undisguisedly demand an enormous "commission" totalling as much as 10 million won [$13,000] from the "customers." In the case of "The 21st Century International," up until very recently it placed an advertisement stating "those who were denied visas are welcome" and propagandized on a large-scale that "based on 15 years of expertise and know-how, we will enable people who were denied a visa during the first interview to get their visa." A person engaged in arranging overseas studies explicitly stated: "With normal business activities, an agency with only 10 employees for arranging overseas studies for students cannot bear the enormous expense required to advertise."

In most cases, as shown in the case of Mr. Yu, 48, representative of "The 21st Century International" who escaped to the United States earlier this month, agencies engaged in arranging overseas studies are owned and run by those who have considerable experience at living in the United States. Individual brokers are former travel agency employees, members of consultation offices around the U.S. Embassy, and even former U.S. Embassy employees.

Appearing in front of the U.S. Embassy's consular section every morning, they hand out pamphlets to those identified as dropouts which state "dropouts are welcome." On the other hand, large business-running brokers stay in their offices in Kangnam District and the like, engaging in "visa transaction" behind the scenes rather than personally appearing in public.

Their main customers are students from rich families who were refused a visa during the first interview. The

U.S. Embassy informed Seoul Police Headquarters of the list of these customers. The list has not been made public yet since an investigation is underway. However, CHOSON ILBO reporters discovered that a so-called considerable number of overnight millionaires in Kangnam District are involved. Agencies and brokers arranging overseas studies for students take full advantage of their "rich and fretful situation." By establishing four or five "ghost" firms, the brokers even prepare the core documents required for visa applications, including the certificate of affiliation with an organization, the Grade-A income tax payment certificate, the certificate of registration of business firms, and the tax clearance certificate (for businesses).

A certain Choe, 48, a businessman, stated: "I am engaged in a business in the name of another man. As a result, my high-school son and daughter were denied visas. Thus, I inquired about the matter to the agency arranging overseas studies, and the people there straightforwardly demanded 8 million won [$10,000]."

Officials in the Korea Overseas Studies Association and Korea Foreign Education Association, which are solidarity organizations of the agencies arranging overseas studies for students, said: "Since the business style of a handful of agencies handling visa work spoils the entire business atmosphere, we sent them a letter of warning; furthermore, we intend to report them to the Consumer Protection Office."

U.S. Staffer Involvement Hinted

SK2606023395 Seoul CHOSON ILBO in Korean 26 Jun 95 p 38

[Third installment in a three-part series of articles; by reporter Yang Kun-man and Kim Min-chol: "Dealing in Visas"]

[FBIS Translated Text] Who was the key figure in the illegal U.S. visa issuance case?

The only U.S. Embassy staffer found to have been involved in the graft case is Jennifer Kim. What has been learned about her thus far is that she is a 33-year old Korean-American married to a U.S. serviceman in Korea. While asking ROK law enforcement authorities to investigate the case, the U.S. Embassy revealed on 23 June: "Jennifer Kim was dismissed on charges of issuing fraudulent visas." However, in a telephone interview with CHOSON ILBO on 25 June, Jennifer Kim strongly denied this, insisting: "I never issued illegal visas."

Of course, there is a chance she might have been involved in this case as is being insisted by the embassy. However, taking into account various circumstances, many doubts linger over whether the key figure was Jennifer Kim and whether she was the only U.S. Embassy staff member allegedly involved in issuing illegal visas in collusion with agencies that arrange overseas studies and with visa brokers.

Most of all, the question is whether Kim, who held a minor position in the Embassy, was in a high enough position to commit fraud.

Jennifer Kim persisted in pleading her innocence, saying: "Working as a low-level employee for 14 months, I only handled simple basic affairs, including the confirmation of name lists and numbers."

The final decision by U.S. consuls, who are in charge of conducting visa interviews, plays a decisive role in issuing visas. In other words, when one files a request for a visa with all the required documents, an interview date is set and an interview takes place. The consuls, who are directly in charge of doing interviews, decide on-the-spot whether they will issue a visa to the applicant.

A relevant person in an agency arranging overseas studies insisted: "Even a person with little knowledge about U.S. visa issuance knows the fraudulent issuance of U.S. visas cannot occur without direct or indirect involvement of the U.S. consuls."

He added that from four to five consuls among the 10 in charge of issuing visas returned to the United States in early or mid-June; new consuls have replaced them.

This was when the number of issued visa tumbled considerably from the usual 800 to 1,000 without any explanation, thereby triggering the people's protests.

Embassy spokesman Steve Rounds confirmed "personnel changes" in a telephone interview with CHOSON ILBO on 25 June, saying: "With the personnel changes that took place two weeks ago, new embassy staff members, including consuls, have begun work."

It is noticeable that, until early June, more than 70 percent of visa applicants were turned down at the initial stage of visa application, and in recent days the rejection rate has dropped dramatically to 10 percent. Voices are increasing that denounce the U.S. Embassy's current high-handed and strict visa issuance system, a system that ignores the reality that demand surpasses supply, which has triggered the recent case.

U.S. Embassy Officials Cited

SK2406004995 Seoul THE KOREA TIMES in English 24 Jun 95 p 3

[FBIS Transcribed Text] The U.S. Embassy in Seoul is investigating allegations that some Embassy staff and

Korean employees received money from travel agencies or brokers to issue visas mostly to Korean students, a spokesman said yesterday.

Steve Rounds of the U.S. Information Service, verified the probe, saying, "There is an investigation going on within the Embassy," according to YONHAP News Agency.

The U.S. Embassy also asked the Korean law enforcement authorities to investigate its employees suspected of bribery, police and Embassy sources said. A Korean employee was dismissed early this month for receiving money from brokers.

Another Embassy spokesman said in a press release that the Korean police are "assisting the Embassy to investigate a criminal visa broker ring operating in Seoul, which sells fraudulent visas, mainly to Korean students, for a very large fee."

"The Embassy is actively assisting the police investigation, and is reviewing its own internal procedures," he said.

Other Embassy sources said that thus far only Korean employees were found to have been involved in the irregularities, adding that "no former or incumbent employees with U.S. nationality" were involved.

Although the Embassy declined to comment, a Foreign Ministry official confirmed that a team of investigators from the U.S. State Department is conducting a probe into the cases.

There have previously been a few cases of money for U.S. visas involving the Embassy staff members thus far, but this is the first time that the U.S. Government has sent a team to investigate the case, testifying to its gravity, he added.

It was learned that the American investigation team is also trying to find out whether or not senior American officials were involved in the graft case.

As the investigation is still underway, the daily number of visa issuances has tumbled considerably from the usual 2,000, travel agents alleged.

Hundreds of those wishing to get their visas handled swarmed around the Embassy building in downtown Seoul from early in the morning, a phenomenon usually seen during vacation seasons.

However, the Embassy spokesman claimed that "we continue to issue more visas each day than any other U.S. Embassy in the world. Last week we averaged more than 2,000 each day."

"The Embassy is concerned that Korean students and their families have paid large sums for fraudulent visas which are unauthorized and invalid," he said.

The Embassy invites individuals who may have obtained student visas without interviews to contact the Embassy for clarification of their status, he said.

Police Launch Investigation

SK2406011395 Seoul KBS-1 Radio Network in Korean 0005 GMT 24 Jun 95

[FBIS Translated Text] The Seoul Police Headquarters today decided to launch a full-scale investigation of the incident involving the issuance of illegal visas by employees of the U.S. Embassy in the ROK. The police intend to summon those involved in the incident.

The police, upon receiving relevant material from the U.S. Embassy, including copies of illegally issued visas, plan to summon those involved and pursue their bank accounts.

In particular, the police suspected that a certain brokerage agent located in Kangnam District in Seoul that arranged overseas studies for Korean students is involved in the incident. Thus, the police decided to search this agency and confiscate relevant material.

Earlier, the U.S. Embassy conducted an internal investigation, and as a result found 100 papers concerning the issuance of illegal visas, requesting the ROK police investigate the background of the issuance of these visas.

The U.S. Embassy revealed that most of the visas that were illegally issued were to people refused during the first interview, and are printed as if they passed the second interview. The U.S. Embassy added it is likely the Embassy employees illegally issued the visas in an organized manner in collaboration with outside persons.

Police Examine List of 10 People

SK2406131995 Seoul KBS-1 Television Network in Korean 1234 GMT 24 Jun 95

[FBIS Translated Text] The Foreign Affairs Section of the Seoul Police Agency, which has been investigating the illegal issuance of entry visas to the United States, examined on 24 June a list of 10 people who had their visas issued illegally. The list was forwarded by the U.S. Embassy in the ROK.

After examining the list, the Foreign Affairs Section found that they are all middle and high school students, that they left the ROK last month, and that they have been living in Los Angeles and other areas in the United States since then. The police are planning to summons the students' parents to investigate how the money flowed in their dealings with agencies that help students locate study programs in the United States.

Police Plan To Issue Subpoena

SK2506114495 Seoul KBS-1 Radio Network in Korean 1000 GMT 25 Jun 95

[FBIS Translated Text] The Foreign Affairs Department of the Seoul Metropolitan Police, which is investigating the fraudulent issuance of U.S. visas, believes that Jennifer Kim, a Korean-American who was fired by the U.S. Embassy earlier this month on the charge of issuing fraudulent visas, is deeply involved in the case, and is trying to secure Kim's custody. In order to take into custody Kim, who legally acquired the U.S. citizenship by marrying a U.S. serviceman in Korea, Seoul Police will request the U.S. Forces Command to confirm Kim's identity and ban her from leaving the country.

Seoul Police will issue a subpoena for Kim as soon as the investigation shows that she received money from people who offered money for visas and visa brokers. Seoul Police will expand the investigation to other possible accomplices inside the embassy.

U.S. Embassy 'Tardy,' About Issue

SK2406232495 Seoul THE KOREA TIMES in English 25 Jun 95 p 3

[By staff reporter O Yong-chin]

[FBIS Transcribed Text] The United States is South Korea's close ally. The U.S. Embassy in Seoul is expected to represent American interests as well as help maintain that close relation without fail. It has fulfilled the twin mission rather successfully thus far.

However, its response to the recent allegations that some Korean employees were under probe for issuing visas for money was tardy and sketchy, leaving much open to speculation at the risk of tarnishing the American image among the Korean public.

A vernacular newspaper broke the story by claiming that some Korean embassy employees issued U.S. visas to Koreans in return for hundreds of thousands of won per person and it was possible for senior American staff members to be implicated in the payoff scam.

Media's attempts to confirm the allegation faced a flat "no comment and wait for a news release on the issue" from the embassy.

John Ratigan, U.S. consul general, was not available for comment as he was engaged in what proved to be an all-day-long strategy meeting on how to deal with the alleged scam.

The embassy referred the United States Information Service [USIS] as a window for media's questions on the issue. Steve Rounds of the USIS was also tied up with another "lengthy" meeting and was rarely available.

Rounds' office relayed questions to another PR official at the information center. On the condition of anonymity, he confirmed that what was reported was true, but said that he didn't know when asked about details of the report.

A news release, issued later in the afternoon, said that the contents of the allegation were wrong, advising some U.S. visa holders to check with the embassy.

It also said that the embassy is assisting the Korean law enforcement authorities to investigate a criminal visa broker ring operating in Korea, without verifying whether or not embassy employees were involved. Later the Seoul Metropolitan Police Agency said that several Korean employees were under its probe in connection with the alleged visa for money scam.

The U.S. Embassy walks a fine line of diplomatic protocol or it may consider the alleged scam totally an internal matter. But it is also true that Korean nationals were involved and many Koreans seeking U.S. visa are also to some extent penalized by delays in issuance.

If that is the case, the wisdom of the embassy's tardy and less than forthcoming response at the risk of speculation is seriously questioned especially when the Korean public trust toward it is at stake.

Improved U.S. Visa Work Urged

SK2506053995 Seoul TONG-A ILBO in Korean 25 Jun 95 p 3

[Editorial: "Illegal Visa Issuance at U.S. Embassy"]

[FBIS Translated Text] The recent issuance of illegal visas at the U.S. Embassy is shocking because the scale is larger than expected and was committed in an organized manner. Furthermore, several hundreds [as published] of visas, which were illegally issued at a price of seven million won [$8,800] to 10 million won [$13,000] per head, were issued to the sons and daughters of high- ranking officials in economic and financial circles as well as to students from rich families to study abroad.

The U.S. Embassy in Seoul announced that the embassy was directly inspected by the U.S. State Department for more than 20 days. As the result, a Korean-American female staffer in the embassy was dismissed on charges of having issued 70-odd illegal visas; an investigation is still ongoing to examine whether accomplices are involved. In addition, at the request of U.S. Embassy, the Seoul Police Headquarters summoned 10-odd people who were under suspicion, including Korean employees in the embassy, brokers, and agents who arrange overseas studies. Thus, the police have launched a full- scale investigation. However, the real overall aspects of the incident will likely be made public only after the police investigation is completed.

The blind zeal of Korea's rich parents to educate their children, which was revealed during the current incident, is shameful. We must by now deeply ponder whether it is good for our sons and daughters to be sent overseas to study if done so by illegal methods. In an announcement released recently, the U.S. Embassy in the ROK noted: "Some students who went to the United States with illegally issued visas as well as their families now face serious difficulties, thus causing concern."

The number of applicants for U.S. visas is drastically increasing even at this moment. Nevertheless, corresponding measures by the United States are not prompt. The U.S. Embassy's visa issuance window is too high, the people handling visas are unkind, and the visa application procedure is too complicated. In particular, it is very difficult to obtain non-immigrant visas, including those for sight-seeing, visiting, and study.

This being the situation, the U.S. Embassy in Seoul sent a press release to the ROK press in May calling for visa applicants to apply for a visa at least four weeks before they depart for the United States as a means to cope with the ever-increasing visa applications. From last August, the U.S. Embassy adopted a visa with a picture of the applicant, costing 20 dollars paid by the applicant, instead of attaching the visa in his passport. We think these steps reflect the United States' agony over visa issuance.

In a breakfast meeting some time ago, U.S. Ambassador Laney stated the issuing of visas is "like shooting one's own foot." Since visa issuance work was not supported with the appropriate funds, the work cannot be expanded to areas other than Seoul, nor can the number of employees handling visa issuance be increased. As a result, with delayed visa issuance the ROK people's sentiment toward the United States grows worse. We accepted the ambassador's remarks as an expression of his lamentation for the fact that this situation cannot but be subject to criticism by the Korean people.

One should not regard the current incident, which occurred under these circumstances, as merely an ordinary thing. The two governments of the ROK and the United States should examine basic reasons for causing the current incident. We also urge the U.S. Embassy in the ROK to epochally improve the visa issuance work at the embassy in a bid to prevent illegal visa issuance from reoccurring in the future.

Visas for 'Economic Criminals'

SK2606054195 Seoul CHOSON ILBO in Korean 26 Jun 95 p 39

[By reporters U Pyong-hyon and Han Hyon-u]

[FBIS Translated Text] It was learned on 25 June that in addition to the broker organizations arranging illegal visas for middle- and high-school students, which was unearthed recently, about five to six broker organizations also arrange fraudulent visas for economic criminals to escape overseas, including money start-ups and those who operate private loan businesses. They have been active around the U.S. Embassy since 1988.

A certain Kim, 30, an officer in charge of arranging visas at a travel agency, revealed: "For those who are not eligible to get a visa from the U.S. Embassy through formal procedures, 30 million won or more is required to get a visa through a visa broker organization."

He added: "Visa broker organizations are thoroughly clandestine organizations organized with various persons taking charge of various roles, such as one person in charge of recruiting visa applicants in the vicinity of the U.S. Embassy and travel agencies, one person in charge of fabricating related documents, and one person in charge of contacting employees in the U.S. Embassy."

Once it receives money and requests for illegal visas, the visa broker organization first informs a cooperator (an accomplice) inside the U.S. Embassy about the list of names of applicants, then starts the work of preparing bogus documents needed for the issuance of visas, documents such as bogus employment certificates and tax payment certificates that must be submitted to the U.S. Embassy.

On the other hand, on 25 June the Foreign Affairs Department of the Seoul Metropolitan Police, which is now investigating the fraudulent visa issuance case, confirmed that Jennifer Kim, 33, female, who was fired by the U.S. Embassy for being involved in the case, is a Korean-American who legally acquired U.S. citizenship by marrying a U.S. serviceman. Accordingly, the police will request the U.S. Forces Command to confirm Kim's identity and ban her from leaving the country in accordance with the ROK-U.S. Status of Forces Agreement [SOFA].

Complaint About U.S. Embassy Staff's Manners

SK2606040495 Seoul CHOSON ILBO in Korean 26 Jun 95 p 29

[By CHOSON ILBO reader Kim Myong-ok]

[FBIS Translated Text] I read the first installment of a series entitled "Dealing in Visas" carried by CHOSON ILBO on page 31 of its 24 June issue. I am a housewife with three children. In the course of recently going through the procedures to be issued a passport and visa, I was deeply stirred by the manner of the American Embassy in Seoul. I am writing this in the hopes the American Embassy will improve its visa issuance procedures. I bet everyone who has ever visited the American Embassy in Seoul to obtain an American visa has had an unpleasant experience with the unkind and high-handed attitude of the embassy staff. Also, many people are angry who have sufficient qualifications and documentation for visas, but whose visa applications were denied without any clear reason.

I understand that many innocent visa applicants suffer during the course of visa issuances because of some misbehaving Koreans who are said to forge the documents needed to obtain visas. However, I believe they cannot conduct such illegalities alone. These illicit visa applicants must be connected with mediatory agencies, brokers, or some embassy staffer. Normal applicants, such as those who chose a school to attend in the United States and want to visit it in person, are unable to think of such an unlawful method of obtaining a visa.

I have great expectations of the serial feature "Dealing in Visas." I hope this feature will include many instances and will suggest reasonable measures to solve these problems. In particular, though I understand one should be faithful to one's duties, I would like to ask Korean employees at the American Embassy, especially interpreters who help American consuls interview Korean visa applicants, to be kind to the visa applicants during the interviews.

U.S Governor Announces Six MOU's With Firms

SK2406065095 Seoul YONHAP in English 0607 GMT 24 Jun 95

[FBIS Transcribed Text] Seoul, June 24 (YONHAP) — Missouri State Governor, Mel Carnahan, drew his five-day trade mission to a close Saturday [24 June] and formally announced the signing of six memoranda of understanding [MOU] between the midwestern state and Korean firms.

The following firms announced their MOUs: Woodward-Clyde Co. and Samsung Engineering Co. in industrial sludge management, Tire Factory Co. and Leeko Co. in importing automobile tires, burns and McDonnell and Total Tech Co. in air pollution control for Kopec's coal-fired power plants, Jet Tech and Cheon Ji Engineering in wastewater treatment, healthcare MFG. Co. and Hanee Medekor Co., Ltd. in medical equipment and Hok, Inc. and Tong-A Construction Co. in commercial development.

The governor mentioned that these projects were realized during this trade mission, as a result of last fall's delegation laying the groundwork.

Saturday morning, the governor signed the MOU with healthcare MFG. Co. at the State of Missouri Liaison Office in the Korea World Trade Center in southern Seoul. On Friday, Carnahan also signed an MOU with the small and medium industry promotion corp.

The purpose of his visit was to strengthen the export market and the international trade between Korea and Missouri. He also met with President Kim Yong-sam and Minister of International Trade and Industry Pak Chae-yun to discuss the extensive effort that the state is making to promote trade.

"The bottom line is that we do live in a globalized economy," Carnahan declared, mentioning President Kim Yong-sam's Segyewha campaign. "Your country realizes this.

"We are attempting to do the same," he explained. "To look beyond the borders of our state, particularly to get our small and medium firms to think in terms of international trade."

Carnahan remarked that Missouri made sales to Korea of 112 million, and the figure continues to rise 10 percent each year. Korea, he proudly stated, is Missouri's seventh largest trading partner.

Export strongholds are in agricultural products and livestock, such as corn, soybean, wheat, pork and meat, as well as electrical, engineering, environmental and medical services.

The governor also met with representatives of small companies in Korea and also with the heads of three chaebol (conglomerates), Daewoo, Hansol and Samsung.

Citing an attractive investment package that includes location assistance, the democratic governor also listed Missouri's central location, high employee productivity, fine work ethic and low taxes as reasons to invest in Missouri. He also mentioned the state's strong businesses in the semiconductor industry, pharmaceutical and petrochemical companies.

Of particular interest is Missouri's automobile parts industry, which he hinted was a topic of discussion with Samsung, for the Korean giant's fledgling automobile industry.

However, no investment agreements were reached during this trip, he said.

Currently, there are only two Korean firms, Tekk Electronics and Maxon Electronics, in Missouri, both located in the Kansas City area.

On Saturday evening, the governor plans to meet with Korean alumni from the University of Missouri, which he commented was the most popular campus for Korean students to study abroad. Presently, he added, there are 250 Korean students enrolled at the state university.

Tokyo Source: Kim Chong-il Succession 9 Sep

SK2506043095 Seoul HANGYORE SINMUN in Korean 25 Jun 95 p 1

[By correspondent Pak Chong-mun from Tokyo]

[FBIS Translated Text] It was learned that North Korea is currently carrying out preparations to put the finishing touches on an official succession of power by electing Secretary Kim Chong-il as state president on 9 September, the founding day of the establishment of the regime.

A diplomatic source in Tokyo stated on 24 June: "When comprising reports to their home countries, Western diplomats in Pyongyang state that, after holding events on 8 July on the first anniversary of President Kim Il-song's death, events will be held on 9 September for the power succession of Secretary Kim Chong-il following internal and external policy adjustments and preparations."

This source added: "Under such a plan, North Korea is in particular revising its existing foreign policy, and it seems the core of its new foreign policy will be opening up its economy to the outside."

Another source well versed in North Korea's situation revealed that various preparations are being carried out that hint at Secretary Kim's succession on 9 September.

This source stated: "Recently in Pyongyang, small scale military units were practicing marching through the streets. This shows that a large political event will be held within a few months. The reason the pro-Pyongyang Federation of Korean Residents in Japan decided to hold its political meeting on 20 September, which is held every three years, will be to congratulate Secretary Kim's election as president."

According to the constitutional regulation which stipulates that the Supreme People's Assembly [SPA] is to elect the state president, it was learned that the SPA deputies, whose term of office expired in April, will be reelected following the events marking the first anniversary of President Kim Il-song's death.

DPRK, PRC Residents Illegally Enter South

SK2606031495 Seoul KBS-1 Radio Network in Korean 0230 GMT 26 Jun 95

[FBIS Translated Text] The Taean Police Station in South Chungchong Province is investigating the illegal entry into the ROK via a wooden boat through the West Sea [Yellow Sea]. The police found out that the two men aboard the wooden vessel are Mr. (Kim Yong-hwan), who had stayed in the PRC after fleeing from North Korea, and Mr. (Kim Yong-il), a PRC-resident Korean national.

Police Investigating Situation

SK2606043795 Seoul CHUNGANG ILBO in Korean 26 Jun 95 p 23

[Report by correspondent Kim Pang-hyon from Taean, South Chungchong Province]

[FBIS Translated Text] At around 1340 [0440 GMT] on 25 June, the Taean Maritime Police Station in South Chungchong Province captured, and are currently investigating, a North Korean resident and an unidentified man who approached land in a small wooden boat from the West Sea [Yellow Sea].

According to police, upon receiving a report from a fisherman who was fishing and saw "a suspicious-looking wooden boat approaching land," the maritime police immediately reached the scene, towed away the wooden boat, and took the two people aboard into custody. As a result, the police found out that one of them was a North Korean resident. The two reportedly approached land via the PRC. The maritime police and other related agencies are investigating the route they took and the reason they came.

PRC Frees 8 Crew Members of Captured Boat

SK2406083595 Seoul YONHAP in English 0815 GMT 24 Jun 95

[FBIS Transcribed Text] Seoul, June 24 (YONHAP) — Eight of the ten crew persons of Usong-ho No. 85, a South Korean fishing boat captured by the Chinese on last May 27 for alleged illegal fishing, were set free by China and will return home on June 27, the Foreign Ministry reported Saturday.

The two remaining crewmen — chief fishery officer Kim Chang-kun and chief engineer Kim Chong-kil — will be freed and return home along with their ship after the owner of the boat paid a fine of 320,000 yuan (roughly 32 million won) to China, it said.

A ministry official said the Korean Embassy in China had negotiated with Chinese authorities for their release.

The ship is the sister boat of Usong-ho No. 86 which, along with its crews, are being held in captivity in North Korea.

At first both boats were captured by the Chinese who later set free No. 86 in order to get the fine paid, and the freed ship was on its way home when it strayed into the North Korean area for navigational error and was caught by the North Koreans this time.

Foreign 'Work Permit System' Reaches 'Snag'

SK2506025295 Seoul THE KOREA HERALD in English 25 Jun 95 pp 3, 5

[By staff reporter Chon Kwan-u]

[FBIS Transcribed Text] The "work permit system" for foreign workers, which has been advocated by the Ministry of Labor Affairs for nearly half a year, has hit a snag.

Implementation of the system scheduled next year is almost impossible mainly because of objections from other government offices, ministry officials said.

Legally opening the job market to unskilled foreign workers, the system would grant those who hold a government-issued working certificate the same legal status as Korean workers enjoy.

The idea of equal treatment to foreign workers had long been just an idea here until last February when the ministry announced plans to introduce the system within next year.

In a news conference Feb. 13, Yi Hyong-ku, then minister of labor affairs, vowed to submit a bill to implement the measure in September to the National Assembly for approval.

But in the process of consultations with the Ministry of Trade, Industry and Energy (MOTIE) and the Ministry of Justice (MOJ), the ministry found big obstacles standing on its way.

The two ministries took different views which officials of the Ministry of Labor Affairs called "virtual objections" to the system.

The MOTIE argued that the new system would be a financial burden for domestic firms because its principle of equal treatment will require them to pay more in salaries and insurance premiums for foreign workers.

According to statistics made available by the Ministry of Labor Affairs, the current basic pay of foreign workers stands at around $260 a month but their real wages range from $400 to $700 a month because they are given allowances, bonus and pay for overtime work.

Korean workers' average wage without a bonus reaches $980 a month, the statistics said.

"Considering their lower productivity which is estimated at only 50-70 percent of Korean workers' due to a language barrier and lower skills, the application of equal payment makes no sense," said a MOTIE official who asked for anonymity.

The MOJ has voiced objections to the system, saying that it might create immigration-related problems.

"Once the country starts to give all foreigners legal stay- permission to work here, there is no substantial way to prevent him or her from inviting their family members and relatives in an attempt to settle here," an immigration official at the MOJ said on condition of anonymity.

In addition, he said a dispute may erupt between the Ministries of Labor Affairs and Justice in the process of screening applications foreign workers file with the authorities to obtain permission to work in the country.

For instance, he said, a foreign worker who has obtained a work- permission certificate from the Ministry of Labor Affairs may fail to meet requirements for visa issuance set by the Ministry of Justice.

Despite objections from the two ministries, the Ministry of Labor Affairs maintains a firm stance that the country should introduce the system ultimately.

"Under the current measures for foreign workers, the country cannot solve an increasing number of social problems related with foreign workers who number nearly 100,000," said an official of the ministry's Employment Policy Bureau.

The current foreign technical trainee system introduced last year with a view to ease the manpower shortage in the manufacturing sector has brought various problems.

He said every one in four foreign technical trainees brought in the country has deserted their designated workplaces without permission for higher payment and better working conditions, turning themselves into illegal foreign workers.

As of the end of May, foreign technical trainees legally permitted to work in the nation are estimated to number about 24,000. Of them, 6,000 fled their work sites and thus becoming illegal workers.

He said that their fragile status, not as a "worker" but as a "trainee" or an "illegal worker," is likely to invite international criticism which may hamper the nation's efforts to join the Organization for Economic Cooperation and Development.

Despite the issuance of government guidelines for the protection of labor rights of foreign technical trainees, the Ministry of Labor Affairs is facing difficulties in enforcing the guidelines. Guidelines are just guidelines, not a law with legal basis, he complained.

"Overly depending on foreign workers can delay the process of restructuring the nation's industry into advanced one on a long-term basis," he said, apparently criticizing the MOTIE's position on the work permit system.

As to the possibility of massive influx of foreign workers, he said the work permit system can protect their labor rights as well as effectively control the entry of them in accordance with the situation in the nation's labor market.

Officials at the Ministry of Labor Affairs said that as far as they (MOTIE and MOJ) object to the system, chances are "very slim" that the measure would be implemented in the near future.

Yi Hyong-ku, former minister of labor affairs who was an ardent advocator of the system, was sacked last month in connection with a bribery scandal.

Foreign Ministry, Opposition Continue 'Battle'

SK2606083595 Seoul YONHAP in English 0457 GMT 26 Jun 95

[FBIS Transcribed Text] Seoul, June 26 (YONHAP) — The battle between the Foreign Ministry and the opposition Democratic Party [DP], concerning the latter's allegation that in a classified document the former instructed its overseas diplomatic missions to gather information concerning local elections in their host countries in an effort to postpone the upcoming local elections, entered a new phase Sunday as DP Vice President Kwon No-kap claimed the Foreign Ministry recently sent the overseas missions a message asking them to revise an important part of the document.

But Foreign Minister Kong No-myong flatly denied Kwon's claim as "totally groundless" and presented the ministry's documents in question during a press conference.

The ministry acknowledged it had sent a classified message to selected overseas missions in March instructing them to gather and send back to the ministry information regarding local election systems used by their host countries, not to postpone the coming local elections in the country but for use in the government's promotional programs for the local elections.

Kwon, also in a press conference, presented a letter from Choe Sung-chin, an administrative attache of the Korean Embassy in New Zealand, as evidence and arranged a telephone interview between Choe and reporters to back up his claim.

And the prosecution, looking into the case at the request of the Foreign Ministry, already issued a summons to Kwon, who has so far refused to comply.

Through the ministry, the prosecution recently acquired a copy of the classified message sent to its 34 overseas missions in March which, Kwon alleges, instructed the missions to collect and send back to the ministry information on local elections in their host countries for possible use in a plan to postpone the coming local elections, but discovered that the message instructing the missions to gather information for possible postponement which Kwon made public was forged.

Facing this situation, Kwon held a press conference Sunday morning to announce that the man who gave him the message in question was Choe, now serving at the embassy to New Zealand, and showed reporters a copy of each of the messages and Choe's letter to him.

He claimed the ministry had instructed the overseas missions to revise the classified message sent in March for it to be sent back to the prosecution at home to help its investigation.

In the letter to Kwon, Choe said, "I'd like you to have the press divulge this as quick as possible so that you can win the election. I don't care if this results in my death."

Minister Kong countered each of Kwon's claims, immediately calling reporters into his ministry and denouncing them as "totally groundless."

If the ministry gave the instructions as Kwon claims, they would have reached at least 150 foreign service officials at 33 overseas missions, Kong said. Under the circumstances, it would be impossible for the ministry to cover up the message. Saying the ministry sent an identical message to 33 overseas missions, Kong asked, "How could Choe alone, in New Zealand, receive a different message?"

The minister then showed reporters a copy of the March message signed by the heads of the 33 overseas missions the ministry collected.

In a telephone interview with YONHAP, Consul-general Yi Tong-ik said he had received the ministry's instructions to report on the documents his office keeps in a file because an investigation would be conducted into the classified message allegedly leaked by ministry officials after June 21. "But I haven't received any instructions to destroy any previous messages and replace them with new ones."

The ministry made public evidence that can prove what DP Vice President Kwon and Choe claimed to be false. The ministry's March message Kwon and Choe claimed to be bogus carried the exact same dispatch time as that of the message they claimed to be original — 50323 0959 — March 23, 1955 [year as received] 9:59 A.M.

Because of the ministry's computer-aided message dispatch it is impossible for any two messages to bear identical dispatch times, to the minute, according to the ministry.

Choe told reporters in the telephone interview that the identical dispatch time is "a trivial matter," adding, "you'd better ask the government about such trivialities."

To make some contribution to the opposition's victory in the local elections, Foreign Ministry officials observe, Choe forged the message and gave a copy to the Democratic Party.

In his letter to Kwon, which the latter made public, Choe said he wants to serve Kwon and the people around him.

It is very hard to judge who, Kwon or Kong, is lying at this point in time. The court will find the truth when it examines the case.

If the 33 overseas missions' insistence on having never received any instructions to revise the message in question is confirmed, suspicions will focus on Choe.

Plans for 27 Jun Local Elections Detailed

SK2606084295 Seoul YONHAP in English 0553 GMT 26 Jun 95

[FBIS Transcribed Text] Seoul, June 26 (YONHAP) — The country's voters will cast their ballots Tuesday [27 June] to elect mayors of both large and small cities, provincial governors, county and ward chiefs and local councilmen, for the first time in 34 years.

Ballotting will start at 6 AM and end at 6 PM at over 17,200 voting sites across the country.

Electioneering for the local elections will end at midnight Monday.

At stake in the elections are six large-city mayoral posts including Seoul, nine provincial governor posts, 230 small city mayor, county commissioner and ward chiefs, 972 large-city and provincial councilmen (97 people to be selected on a proportional representation system included), and 4,541 councilmen of small cities, counties and large-city wards.

Successful candidates in the elections will assume their three- year tenures on July 1, except for large city and provincial councilmen who will take an oath on July 8, to restore local autonomy for the first time in 34 years, since it was suspended in 1961.

Ballot boxes from across the country will be gathered at 376 ballot opening sites. Absentee ballots and those cast for large- city mayor and provincial governor posts will be opened first. The ballot counting is expected to be completed by midnight Tuesday.

But the returns of gubernatorial and large city mayoral elections will likely begin to take shape by 2 AM Wednesday.

The Central Election Management Commission anticipates that some 22 million people or about 70 percent of the 31,048,566 eligible voters will cast votes. The voting rate might remain in the neighborhood of 60 percent, however, in view of relatively low awareness of the local elections on the part of the voters and voters' aversion to the local elections stemming from confused electioneering due to excessive intervention by party headquarters in Seoul.

As opposition parties see the local elections as a sort of interim confidence vote for the incumbent administration, the elections' outcome may well be ensued by a restructuring of the central political arena.

Should regionalism-oriented partisan political passions — Pusan and South Kyongsang Province for the ruling Democratic Liberal Party (DLP), Kwangju and South Cholla Province for the main opposition Democratic Party (DP) and Taejon and South Chungchong Province for the splinter United Liberal Democrats (ULD) — be further cemented as a result of the gubernatorial and large city mayoral elections, changes are bound to occur in the political arena prior to the upcoming general elections next year.

The aftermath of the local elections may well result in the reshaping of the ruling and opposition camps, and influence the political future of former DP President Kim Tae-chung and ULD President Kim Chong-pil as well as call for a constitutional amendment in favor of a cabinet system.

Burma

Editorial Analyzes SLORC Cabinet Reshuffle

BK2406085895 Bangkok SIAM POST in Thai 24 Jun 95 p 4

[Editorial: "SLORC Cabinet Reshuffle"]

[FBIS Translated Text] The Burmese military junta announced a cabinet reshuffle last week, with the appointment of six new cabinet members from the general officers serving as regional and unit commanders. This has increased the number of military officers in the Burmese cabinet to 31, and lowered the number of civilian ministers to five.

Prior to the reshuffle, lower-ranking officers had expressed their frustration over the low prospects of promotion due to the fact that almost all the cabinet ministers were concurrently holding on to their military ranks in the tradition of an absolute dictatorship.

An expert on Burmese politics noted that Lieutenant General Maung Hla, who holds a cabinet post now, was instrumental in the successful suppression of the Karen ethnic group late last year. This new minister looks well-qualified for the task of holding ceasefire talks with the ethnic minorities.

An important reason for the SLORC [State Law and Order Restoration Council] to reshuffle the cabinet to give six more military officers ministerial portfolios, came from its desire to reduce the pressure from those frustrated Army officers who held no political positions and had no hope for promotions. The move was meant to solve the problem for the time being.

In fact, one must admit that the SLORC has been beset by all kinds of pressure — lack of national unity, opposition by politicians, especially the National League for Democracy led by Aung San Suu Kyi whose election victory in 1990 was plundered by the military, the students, people, and international community.

In the present international situation, it is impossible for Burma to live in isolation and with doors closed to other countries. The SLORC must tone down its government by totalitarianism, especially its violation of human rights and repression of the Burmese people. It is time for it to reach out to the world and join the international community.

Concerning the suspension of the construction of the friendship bridge linking Tak Province with Myawadi, which was announced to Thailand by Burmese authorities three weeks before the cabinet reshuffle, we believe the reason behind it was some confusion over the diversion of water channels. We hope that the matter will be solved at a meeting to be held by local authorities of both countries.

The Burmese military government should have realized by now that it could avoid international sanctions and attend the recent ASEAN ministerial meeting in Bangkok thanks to strong support from Thailand. Surely the SLORC is looking now for support from Thailand so that it can be present at the forthcoming ASEAN ministerial meeting in Brunei in July.

Khin Nyunt Holds Talks With Wa Leaders

BK2406084695 Rangoon Radio Myanmar in Burmese 1330 GMT 23 Jun 95

[FBIS Translated Text] Lieutenant General Khin Nyunt, chairman of the Work Committee for the Development of Border Areas and National Races and secretary-1 of the State Law and Order Restoration Council, received Wa leaders — U Pao Yu Chang, U Paw Laik Hkan, U Aung Myint, U Kyauk Kyone Kan, U Kyauk Kaw Ahn, and U Khin Si Ban — from Special Region No. 2 in Northern Shan State at the Defense Services's guest hall on Uyin Road, Yangon [Rangoon] at 1500.

Lt. Gen. Maung Thint, minister of progress of border areas and national races and development affairs; Major General Aye Kyaw, minister of information; and responsible personnel were also at the meeting.

At the meeting, they held discussions and coordinated on matters concerning improving transportation and working for further development of educational and health sectors, economic development, and eradication of narcotic drug cultivation with increased momentum.

Irrawaddy Commander Meets District Officials

BK2106145995 Rangoon Radio Myanmar in Burmese 1330 GMT 21 Jun 95

[FBIS Translated Text] A meeting between Brigadier General Nyunt Tin, chairman of Irrawaddy Division Law and Order Restoration Council and commander of Southwest Military Command, and division-level officials and chairmen of Bassein and Ma-ubin District Law and Order Restoration Councils was held at the Ayeyarshwewar Hall in Bassein at 0900 on 20 June.

Colonel Maung Ni, deputy commander of Southwest Military Command, delivered an address. He said Irrawaddy Division is a model division for development activities and is also a special industrial zone. He said he will continue the development activities and urged the departments concerned to assist through cooperation and coordination.

Activities of New Military Commanders Reported

BK2406101295 Rangoon Radio Myanmar in Burmese 0630 GMT 23 Jun 95

[FBIS Translated Excerpt] A meeting between chairman of the Rakhine State Law and Order Restoration Council [RSLORC] and divisional level departmental officials was held at the Rakhine State People's Police Force's meeting hall in Sittwe on the afternoon of 20 June. According to the agenda, Brigadier General Aung Htwe, chairman of the RSLORC and commander of the Western Military Command, was introduced to the chairmen and members of Sittwe district and township law and order restoration councils, and divisional level senior departmental officials. [passage omitted]

A ground-breaking ceremony for Sutaungpye Chedi in Lashio, Northern Shan State was held at the site on Yekantaung in Lashio on the morning of 21 June. At the ceremony Sayadaw [revered monk] Badanta Thaweinasara, [Northeast] Military Command Commander Brig. Gen. Tin Ngwe, Deputy Commander Colonel San Thein, and responsible personnel laid the symbolized diamond, pearl, gold and, silver bricks at the respective corners. [passage omitted]

Brigadier General Inspects Mandalay Projects

BK2406125895 Rangoon Radio Myanmar in Burmese 0630 GMT 24 Jun 95

[FBIS Translated Excerpt] Brigadier General Ye Myint, chairman of the Mandalay Division Law and Order Restoration Council and commander of the Central Military Command, accompanied by Deputy Commander Colonel Tin Soe, and responsible personnel, inspected construction and greenery projects in Mandalay on the afternoon of 19 June. [passage omitted]

Brunei, Malaysia & Singapore

Malaysia

Badawi Urges Spratly Talks To Ensure Stability

BK1606105295 Kuala Lumpur Voice of Malaysia in English 0800 GMT 16 Jun 95

[FBIS Transcribed Text] Efforts should be made to begin some form of discussions on how to handle various developments involving the Spratly Islands to ensure the stability of the region.

Foreign Minister Datuk Abdullah Ahmad Badawi said it is timely for such steps to be taken to ensure that the areas around Spratly Islands and also South China Sea remain peaceful and stable.

He told reporters this after after closing a junior ASEAN diplomats forum at the Institute of Diplomacy and Foreign Relations in Kuala Lumpur. Datuk Abdullah said that such efforts need to because at present most development are only known through news reports based on statements made by leaders of various countries.

He was commenting on the Phillipine Navy's blowing up of a Chinese marker six nautical miles northwest of Philippine-held Pagasa Island a few days ago.

Asian Media Urged To Spread 'Positive' Values

BK2506151095 Kuala Lumpur Radio Malaysia Network in English 0810 GMT 24 Jun 95

[Station commentary]

[FBIS Transcribed Text] Asian media should make use of the advancement in the information technology to spread positive Asian cultural values to developed countries. Such effort needs to be taken, as countries in Asia should not just be at the receiving end in the globalization process taking place now from the rapid development in communication technologies.

The suggestion came from Indonesia's minister of tourism, post, and telecommunication, Joop Ave, recently at an international conference on the role of communication on culture and development in Jakarta. The three-day conference organized by the Singapore-based Asian Mass Communication Research and Information Center, AMIC, is being attended by 200 information experts from Asia, Australia, Europe, and North America.

Such a suggestion is very timely if Asian countries are very well positioned to make important contributions to rebuild positive values in developed countries via information technologies. Asian countries have a lot to offer, as their societies still uphold and cherish positive cultural values such as respect for the elders and superiors. In this respect, Asian nations — which could be the center of world economic development over the next 25 years — should not be just mere receivers of information from the West and view development from the Western sense of the word. This is because defining development purely from the economic and infrastructure point of view had resulted in many positive values which once provided the basis and strength of developed countries being eroded into juvenile delinquency, divorces, broken marriages, child abuse, and other social problems.

Why Asia should thank and respect the West for giving them information technologies? Asians have the responsibility to the world to develop positive values which could contribute to a better world. Asia could fill up the cultural vacuum in the West by getting together TV stations, for instance, to disseminate to developed countries not only news but programs on their cultures and the arts.

Apart from that, Asian countries should also ensure that they only disseminate correct information pertaining to the region goes out to the readers. This should not be a problem since the East Asian English newspaper editors roundtable in Kuala Lumpur had agreed to set up an East Asian news features network to ensure that only credible information reaches their news readers. The network is aimed at providing members easier access to information in the region. It is also seen as a way to counter Western media biasness against the developing nations. Apart from that, it is also hoped that Asians will be informed about Asia by Asians and not just by Western agencies which provide 80 percent of the world news. With various being done by the various organizations, it is hoped that very soon time would come for Asian media become senders rather than remain as mere receivers. [sentence as heard] (endall) 240810 ms/kuester/bt JK502506.012 25/1511

King Returns From State Visit to Philippines

BK2506155095 Kuala Lumpur Radio Malaysia Network in Malay 1300 GMT 25 Jun 95

[FBIS Translated Excerpt] Their majesties King Tuanku Ja'afar and Queen Najihah have returned home after a five-day state visit to the Philippines.

A ceremony to bid farewell to their majesties was held at Mactan International Airport in Cebu this evening. Vice President Joseph Estrada; (Rhode Peres), the presidential adviser for Visayan Island; and Cebu Mayor Thomas Osmena were at the airport to bid farewell to their majesties.

This is the first official state visit abroad by their majesties since ascending to the throne last year. [passage omitted on activities during Philippine visit]

Singapore

Malaysian Defense Chief Calls on Goh, Minister

BK2206150395 Singapore Radio Corporation of Singapore in English 1300 GMT 22 Jun 95

[FBIS Transcribed Text] The visiting Malaysian Chief of Defense Force called Prime Minister Goh Chok Tong at the Istana [Palace] today.

Earlier, General Ismail Omar paid a courtesy call on Minister for Defense and Labor Lee Boon Yang at the Defense Ministry.

Gen. Ismail is here on a three-day visit at the invitation of Acting Chief of Defense Force and Chief of Air Force Major General Bey Soo Kiang.

Cambodia

Rangsi Issues Statement on Ouster From Assembly

BK2606125995 (Internet) SEASIA Listserv in English 1230 GMT 26 Jun 95

[Statement issued by Sam Rangsi, former finance minister and National Assembly member, in Phnom Penh on 20 June]

[FBIS Transcribed Text] 1. I consider the decision to remove me from the National Assembly as completely contrary to the Constitution, contrary to the Internal Regulations of the National Assembly, contrary to the Electoral Law, and contrary to democratic principles in practice in all true parliamentary democracies, including those operating a system of proportional representation. A Member of Parliament (MP) is elected by the people, represents the people and is accountable only to the people. Therefore, provided he/she has committed no crime, his/her mandate can be terminated by no-one other than the people themselves. The decision of the Standing Committee of the National Assembly made on 19 June 1995 thus has no validity whatsoever.

2. For this reason I shall continue to consider myself as an MP until the end of my mandate in May 1998. I shall continue to perform my duties as an MP whether inside or outside the National Assembly, all over the country and even abroad. According to the Constitution, as an MP I do not merely represent the people of my constituency but am also a representative of the entire Khmer people. I can continue serving the interests of the Khmer people even without physically occupying my parliamentary seat.

3. I am confident that in the end the law will prevail and that I will, one day, come back to retake my seat in the National Assembly. That day will signify that democracy and the rule of law have indeed taken root in Cambodia.

4. Those who willfully violate the law and instead rely on arbitrary force to achieve their will only weaken their own legitimacy. Those who try to deprive me of formal power are in fact only increasing my moral power whilst reducing their own.

Phnom Penh, 20 June 1995

(Signed) Sam Rangsi, Member of Parliament for Siem Reap Province

Reportage on Rangsi Dismissal From Assembly

Sirivut Opposition Cited

BK2406093295 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 23 Jun 95

[FBIS Translated Text] Ghoulish Ranariddh, at communist Vietnam's and its puppets' behest, recently decided to expel [former Finance Minister] Sam Rangsi from the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] Party. There was an outcry by FUNCIPEC members and masses in Phnom Penh against Ranariddh when they heard the news. This was because the decision was made in a flagrantly unjust, fascist, and barbaric manner and aimed to serve only the interests of communist Vietnam and its puppets.

Prince Sirivut, secretary general of the FUNCINPEC Party, voiced his categorical opposition to the expulsion of Sam Rangsi on 8 June. He said Sam Rangsi had not violated FUNCINPEC Party policy, its regulations and statutes. Rather, he had strived to implement correctly the policy of the king, the father of the FUNCINPEC Party; that is, the policy of national reconciliation and compromise with a view to ending the war and the policy of defending the territorial integrity, sovereignty, and independence of Cambodia.

People say Prince Sirivut's view represents that of the Cambodian masses in general. Everyone says Sam Rangsi has done nothing wrong, that he has neither betrayed the nation nor the FUNCINPEC Party. Why should he be expelled from the party? If one is to be expelled, it is ghoulish Ranariddh because he is betraying both FUNCINPEC and the Cambodian nation and people.

Various circles in Phnom Penh are reportedly waiting to see whether ghoulish Ranariddh will still persist in expelling Sam Rangsi. If he does, his action will run against the views of the party secretary general, the majority of the executive committee members, and the masses in and outside FUNCINPEC. He will kill FUNCINPEC and will definitely sell out himself as the out-and-out puppet of the Vietnamese lackeys. His government days are numbered, he will not take part in elections, and the masses will certainly chop his head off.

Khmer Rouge Condemn Action

BK2406094195 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 23 Jun 95

[Unattributed commentary]

[FBIS Translated Text] Hun Sen, Chea Sim, and Ranariddh, at communist Vietnam's behest, made public the expulsion of [former Finance Minister] Sam Rangsi from the two-headed National Assembly last week. The action has been taken because Sam Rangsi, who has defended Cambodia's sovereignty and territorial integrity, has been against the presence of Vietnamese in Cambodia, the two-headed government's fueling of the war in the country, and the corrupt acts committed by Hun Sen, Chea Sim, and Ranariddh.

The national and international communities have been strongly opposed to the expulsion of Sam Rangsi by those communist Vietnamese puppets. They hold that his ouster is a violation of the UNTAC [UN Transitional Authority in Cambodia] electoral law and the Cambodian constitution.

The move by the two-headed elements more clearly shows the world that the two-headed regime is dictatorial and fascist, opposes democracy, and violates human rights.

Sam Rangsi's expulsion is also clear evidence that the two-headed elements, controlled exclusively by the communist Vietnamese puppets, not only oppose Democratic Kampuchea fighting Vietnam for national liberation, but also oppose and eliminate all who reject their orders, and who refuse to line up with the communist Vietnamese puppets like Ranariddh, Ieng Muli, and Ing Huot.

They destroy everyone, from the ordinary masses, to journalists, political personalities, and MP's.

Communist Vietnam and its puppets do not hesitate to detain the king in the communist Vietnamese steel cage.

The Cambodian nation and people have already known the face of those evil vultures, the communist Vietnamese servants and Cambodian race eliminators. The Cambodian people and all patriots at home and abroad will join hands to continue all forms of struggle until the communist Vietnamese puppets' dictatorial and fascist regime is destroyed so that a genuinely national government can be formed.

Ranariddh Defends Dismissal

BK2406150395 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 24 Jun 95 p 1, 3

[Report by Dararit]

[FBIS Translated Text] Prince Krompreah Norodom Ranariddh, first prime minister of the Royal Government of Cambodia, has said that the story of [former Finance Minister] Sam Rangsi is now over and that it should not be a topic of any further talks.

The prince said this at the Phnom Penh city hall on the morning of 22 June. The National Assembly had decided to dismiss Sam Rangsi as an MP due to his expulsion from the FUNCINPEC Party. Ranariddh said he was very happy to see the National Assembly, the top organ representing the entire Cambodian nation, show to the national and international communities that it is really an organization endowed with bountiful sovereignty.

Prince Krompreah Norodom Ranariddh added: There are hosts of outside intervention with regard to the removal of Sam Rangsi from the National Assembly. However, our assembly, without any interference from a prime minister or a political party, has unanimously dictated a decision in its capacity as a supreme body. Our National Assembly has taken only its fundamental conscience, the national constitution, the assembly's internal regulations, the UNTAC [UN Transitional Authority in Cambodia] electoral law, related principles, and the system of proportional representation election as a foundation without any leaning towards considering the issue a personal or political problem.

The prince said since the Cambodian National Assembly had carried out its duty based on proper law and regulations, he felt very proud of it. This shows the international community that our National Assembly does represent a state endowed with independence and sovereignty following proper elections. He regretted, however, that in his capacity as the FUNCINPEC party chairman, he should not be proud of anything. He felt only sorry because he had repeatedly reminded Sam Rangsi to bear in mind that the FUNCINPEC Party is one of the two major parties leading the incumbent government, that we are not an opposition party but part of the Royal Government. For this reason, we are not supposed to oppose anything. The opposition party should voiced opposing views as in other countries. If we don't conduct ourselves in that way, Cambodia can never see political and social stability and will never prosper.

The prince said it was historic that the National Assembly did a good job at a meeting that lasted only three minutes.

Hun Sen Warns of Interference

BK2706022595 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 24 Jun 95 p 1, 2

[Report by Vanna]

[FBIS Translated Excerpt] Second Prime Minister Samdech Hun Sen has publicly appealed to some foreign individuals, not foreign countries, to stop interfering in Cambodia's internal affairs in this or that way. They should respect... because Cambodia has asked nothing from them except respect for its independence and sovereignty. Specifically, they should respect the decision made by a major committee of the National Assembly to remove [former Finance Minister] Sam Rangsi as an MP and replace him with Nu Sangkhan.

Samdech Hun Sen made the remarks when he presided at the inauguration of a school and a canal at Thmar Bei Dom village, Kompong Krasang commune, Boreicholasa District, Takeo Province, on the morning of 22 June.

Samdech Hun Sen said Sam Rangsi's removal was designed to solve a problem of the Cambodian National Assembly. It was also done in response to a request by the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] Party's leadership headed by the prince krompreah [Norodom Ranariddh] which had already decided to expel Sam Rangsi from the National Assembly. "A removal or appointment is a normal matter in sociopolitical life" and one should also take into account the electoral system used in 1993; that is, the proportional representation system by which a political party gets elected. It is the job of a party to remove or to appoint a candidate. Once an MP is no longer the member of a party, a public announcement about his removal from the National Assembly should automatically be made. Therefore, you, the people, should not create trouble and should realize this.

The samdech second prime minister added that the removal of Sam Rangsi is not part of the affairs of the Royal Government of Cambodia or an internal affair of the country, but an internal matter of the FUNCINPEC Party. So FUNCINPEC's decision on any expulsion or appointment is entirely an internal party affair.

Samdech Hun Sen said some foreign individuals should not turn the issue concerning an individual with a party into an international relations or any other problem. What is most important for Cambodia at present is unity for national restoration and construction. Those who do not want to join in are free to go. The over 23 years of rift in Cambodia should be brought to an end, however. Those who are persistent are currently fighting the government. Although their fight appears to be a bit difficult, they should be allow to do so because this is part of their political right. So far, the Khmer Rouge alone have been fighting the government. Now, some people have joined them. All the same, they should understand that the government also has the right to defend the country's independence, sovereignty, peace, and national security. The government is duty-bound to protect the people and to ensure their security. It will in no way allow sabotage that destroys the people's well-being to take place.

Samdech Hun Sen stressed that one must exert their political rights, but they should never over do it till national security and public order are ruined. This action cannot be tolerated by the government, no matter what. [passage omitted Hun Sen's remarks on implementation of the government's peaceful coexistence foreign policy]

Sihanouk Regrets Ouster

BK2506085695 Hong Kong AFP in English 0401 GMT 25 Jun 95

[FBIS Transcribed Text] Phnom Penh, June 25 (AFP) — Cambodian head of state King Norodom Sihanouk on Sunday called former finance minister Sam Rangsi a "patriot" and said he wished the outspoken critic of corruption who was expelled from parliament last week could have kept his seat.

But he said as a constitutional monarch there was nothing he could do to prevent Rangsi's ouster.

"Sam Rangsi always enjoyed my respect and my affection because he is a patriot, honest, competent, courageous, devoted to the people and faithful to the motherland," the king said in a statement.

The widely popular Rangsi, who was ousted in a cabinet reshuffle in October, was expelled from the royalist FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party last month after he announced plans to start a new political alliance.

FUNCINPEC party leader and First Prime Minister Prince Norodom Ranariddh, the king's son with whom Rangsi had often sparred, asked the National Assembly to expel him as a member of parliament from the northern province of Siem Reap. The assembly announced his ouster on Thursday

"I ardently wished that (Sam Rangsi) could have kept his place in the Royal Government of Cambodia, in FUNCINPEC and in the National Assembly," the king said. "But the decision to keep (Sam Rangsi) or not was not mine to make."

King Sihanouk said as a constitutional king he did not have the right to dictate or suggest what the conduct and politics of national leaders, parties or parliament should be. That right, he said, belonged to the voters who elected their representatives in 1993.

The king said he was responding to many letters he had received voicing concern that Rangsi's expulsion would endanger the nascent democracy and human rights in Cambodia.

Several foreign governments have called the ouster "disappointing" and the London-based human rights group Amnesty International has said it is concerned for the safety of other parliamentarians who may oppose government policies.

UK Legislator 'Astonished'

BK2606063795 Hong Kong AFP in English 0526 GMT 26 Jun 95

[FBIS Transcribed Text] Phnom Penh, June 26 (AFP) — The chairman of the British Parliament's Human Rights Group has called upon Cambodian National Assembly president Chea Sim to resign in the wake of the expulsion of former finance minister Sam Rangsi.

Lord Avebury, a staunch supporter of Sam Rangsi's right to stay in the assembly, said he was "astonished" at the dismissal after Chea Sim had said the parliament would respect the ideals of multi-party democracy and human rights.

"I would respectfully suggest that you cannot honourably remain as chairman of the National Assembly, when it has taken a decision so flagrantly in contravention of your firm promise to the Cambodian people and the whole international community," Lord Avebury said in a letter to Chea Sim dated June 25.

Chea Sim was ill and unavailable for comment Monday.

Sam Rangsi, a widely popular and outspoken critic of government corruption was expelled from the Cambodian parliament last week. He had lost his portfolio in a cabinet reshuffle in October and was expelled from the royalist FUNCINPEC [National United Front for an Independent, Neutral, and Peaceful Cambodia] party last month after announcing plans to form a new political alliance.

The party leadership then referred the matter to Chea Sim asking him to expel Sam Rangsi from his seat as member of parliament for the northern province of Siem Reap as he was no longer a member of a political party.

In the face of strong opposition from international human rights groups and parliamentarians who argued that MPs were elected as individuals and not party members, Chea Sim issued a statement saying he would do nothing to compromise Cambodian law or contravene the principles of a multi-party democracy.

Shortly afterward, the permanent committee of the national assembly, headed by Chea Sim, voted to expel Sam Rangsi.

Cambodian government officials have said the expulsion was well within the assembly's rights under the country's electoral law which allowed only candidates with party affiliation to run for parliament.

Ranariddh Defends Draft Press Law as 'Liberal'

BK2606094895 Hong Kong AFP in English 0927 GMT 26 Jun 95

[FBIS Transcribed Text] Phnom Penh, June 26 (AFP) — Cambodia's First Prime Minister Prince Norodom Ranariddh on Monday defended the controversial draft press law which sets out heavy fines and possible jail terms for publishing material that "affects political stability or national security."

"I think our press law is a very liberal one if we compare it with the existing press laws in many countries around Cambodia," the prince told reporters outside the National Assembly building after the first day of debate on the bill.

He said provisions for criminal penalties for those convicted of defamation was deleted from the draft.

International human rights groups and the United Nations special representative for human rights in Cambodia have expressed concern that the bill could allow the government to jail prisoners of conscience.

They said the words "affect political stability" could not be defined accurately and could result in punishment of anyone publishing an article on current affairs.

They were concerned that the definition of "national security" had been removed in the current draft.

The prince said Cambodia could not adopt press laws like those of Western countries the rights groups hold up as models.

"How could we compare to Australia, France and the United States," Prince Ranariddh said. "They don't have the Khmer Rouge."

All but two of the ninety MPs present for the first day of the debate voiced support for the draft law, though discussion of controversial provisions is yet to take place.

The debate resumes Tuesday and is expected to be terminate by the weekend.

Former KR Admits Role in Slaying of Westerners

BK2606134195 Hong Kong AFP in English 1331 GMT 26 Jun 95

[FBIS Transcribed Text] Phnom Penh, June 26 (AFP) — A former Khmer Rouge [KR] guerrilla charged with taking part in the murder of two Britons and an Australian last year admitted on Monday that he had participated in the crime but said he was only following orders.

"I was part of the group that killed them," Chuon Mean, who is also known as Phan Mean, said in an interview with Indochine Productions, a local television production company. "I am only a small soldier and I follow my orders."

He is being held in a prison in the southern port city of Sihanoukville while awaiting trial, which is scheduled to begin later this week.

Chuon Mean, said he had been with the group that abducted Britons Dominic Chappell, 25, and Tina Dominy, 24, and Australian Kellie Wilkinson, 24, after ambushing their taxi on National Route Four in the southern part of the country on April 11 last year.

Their disappearances sparked months of international outrage, massive searches and urgent pleas from the families and friends of the abducted.

In the jailhouse interview, Chuon Mean, dressed in a blue prison uniform and handcuffed, told Indochine Productions that the foreigners were killed the day after they were taken.

The commanders of the Khmer Rouge group "gave an order to kill them and said 'If you don't, then I'll kill you'," Chuon Mean said in the interview, portions of which were made available to AFP. "After they were killed we left the bones alone."

Sihanoukville Deputy Police Chief Tat Van Tha said that Chuon Mean had signed a full confession admitting to being one of the gunmen who killed the trio with bursts from an AK-47 assault rifle.

"He said they killed the man first, then the two women, and then let their bodies lie on the ground for 10 days until they were ordered to bury the remains," Tat Van Tha told AFP.

The foreigners' remains were positively identified several months later.

Chuon Mean said his unit, part of Khmer Rouge regiment 27 led by commander Sam Bo, had been ordered to steal several taxis and trucks on the day of the abduction.

"But when there were foreigners in the car we were ordered to arrest them," he said, adding that two of his compatriates, one of whom has since been killed in a landmine explosion, actually plucked the three from the car.

He said the foreigners "looked okay" and didn't seem scared during their ordeal, but added that he could not understand them so he wasn't particularly sure.

Chuon Mean, who said he is illiterate and does not know his exact age, said he felt sorry for his crime and would like to apologize to the families of the victims.

"If they come (to the trial) I will confess to them because it is certain that I went along with the Khmer Rouge," he said in the interview. "That much is certain. I just followed orders."

Chuon Mean, who said he had been a member of the Khmer Rouge for 10 years, said he joined the rebel faction because his friends had.

"I followed my friends, I followed the weapons and guns and the Khmer Rouge also had a lot of money," he said in the interview.

He said not expected to be arrested after defecting to the government in this April.

"I came to defect, not to be arrested," he said.

Asked why he decided to defect he said: "If I had stayed with the Khmer Rouge longer it would have been bad, no profit. That's why I decided to defect."

Under Cambodian law, Chuon Mean faces a sentence of between 10 and 20 years if convicted.

Aid Workers Report Khmer Rouge Abduct 6 Women

BK2306121995 Hong Kong AFP in English 1204 GMT 23 Jun 95

[FBIS Transcribed Text] Phnom Penh, June 23 (AFP) — Khmer Rouge guerrillas have abducted six women in the country's northwest in an apparent change from their previous terror tactics which usually involve only the abduction of men, aid workers said Friday.

The six women were taken Wednesday as they rode an a tractor to ricefields in the Mong Rossei district of Battambang province, according to aid workers and the government news service AGENCE KHMER DE PRESSE (AKP).

The driver of the tractor, who fled the scene and reported the incident to the police, said the women, his tractor, three ox-carts and six cows were all taken by the guerrillas after a brief altercation, according to AKP.

Aid workers in Battambang town just north of Mong Rossei district told AFP Friday that the women had not been released, though the rebels had sent a ransom note for the tractor demanding 80,000 Thai baht (3,200 dollars).

The abduction of women is unusual, though not unprecedented, for the shadowy Khmer Rouge who generally target village leaders and the heads of families who appear to be financially well off, according to aid workers who have done extensive work in areas hit hard by the guerrillas.

"We can only speculate as to why they would take women in this case," said one. "We all hope that they are released unharmed."

Nearly all of the villagers abducted by the Khmer Rouge since the beginning of the year have been released after being forced to transport weapons, ammunition and food.

Khmer Rouge Claim Pursat-Romeas Rail Line Cut

BK2406101695 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 23 Jun 95

[FBIS Translated Text] The following is a report on the destruction of the railway line by our National Army and people in Kompong Tralach District of Kompong Chhnang Province.

Since 14 June, we have cut off the Pursat-Romeas line three times by:

1. Digging 50 pits and destroying a 40-meter bridge and a five- meter culvert on 14 June;

2. Digging 15 pits each 1.5 meters deep and 3 meters wide, and destroying 1,200 meters of track and a five-meter culvert on 18 June; and

3. Digging 20 pits each 1.5 meters deep and 2 meters wide, and destroying 800 meters of track and a culvert 3 meters long and 2 meters deep at the (M'nop) station on 20 June.

In sum, we have dug 85 pits and destroyed three culverts and a 40-meter bridge.

So far, the enemies still cannot use the railway line.

Khmer Rouge Say Sisophon-Poipet Road Severed

BK2606020995 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 23 Jun 95

[FBIS Translated Text] Our National Army and people continued their attack on the night of 21 June. They cut off Route 5 and completely smashed and swept away the traitorous two-headed administrators between Nimit and Sala Kraham.

The portion of the route between Sisophon and Poipet, which was cut off on the night of 14 June and which was blocked between 14 and 20 June, was severed again on 21 June.

The enemies are not able to use the route. Goods sent to Poipet are trucked back and motorbikes can no longer be used there. People from Poipet, Nimit, Dong Aranh, Kop Toch, Kop Thom, and Boeng Cha have flocked to Sisophon.

We launched the attack from three directions:

1. From the first direction, we staged a two-pronged attack:

In the first prong, we cut off Route 5 with two pits each 2.5 meters deep and 3 meters wide, and completely smashed civilian and military administrators along the route between Nimit Pi and Nimit Buon villages. As a result, we killed five enemy soldiers and wounded four others and destroyed 100 enemy strategic houses, a police guard post, a rice husking machine, and two commune office buildings.

In the second prong, we swept away villages along the river between Kop Toch and (Kaoh Cha). We killed three enemy soldiers and wounded five others and destroyed 100 strategic houses, three commune office buildings, 50 residences of cruel administrators, and a quantity of weapons and ammunition.

2. We mounted a two-pronged attack from the second direction:

In the first prong, we swept away and smashed the enemies from Nimit Muoy to Nimit Pi. In the second prong, we swept away the enemies at Dong Aranh village and in an area east of the village. After three hours of fighting, we completely liberated and occupied the two villages. As a result, we killed 13 enemy soldiers and wounded 15 others and destroyed two AK assault rifles, a 60-mm mortar, eight bunkers, and 228 barracks and residences belonging to the puppets. We destroyed Route 5 with five pits each 7 meters deep and 7 meters wide, and five rice barns, six tractors, five motorbikes, three generators, and three rice husking machines, seized two AK's and 90 rounds.

3. Along the third directional route, we destroyed a culvert 3 meters long and 3 meters deep in an area between Sophi and Pou Bei Daeum villages.

We also managed to plant 40,000 stakes and 200 mines along the three directional routes.

Indonesia

Daily Criticizes 'Arrogance' of G-7

BK2406115695 Jakarta MERDEKA in Indonesian 23 Jun 95 p 6

[Editorial: "The World Belongs to the Rich"]

[FBIS Translated Text] The most contemptuous truth displayed at Halifax, Canada this week, was the arrogance of the rich nations affiliated to each other under what is known as "G-7" [group of seven industrialized nations]. What was adopted at the end of the summit had already been expected. The main item on the agenda was to reorganize the financial system of the International Monetary Fund and the World Bank so that a Mexico-style financial crisis will not recur. However, all the capitalist nations were not affected by such a crisis. The measures to be taken in facing a sudden economic crisis had also been highlighted at the Halifax summit.

The arrogance of a rich nation can be clearly seen in the former French colony and the host country. The international community can clearly see that the wealth, power, and arrogance of this former colony represent the holy trinity. Those who do not believe this are invited to send their inquiries to the G-7 summit's protocol division based in Canada.

The story is very simple and irritating. It seemed that the G-7 summit chief of protocol had forwarded a request to President Boris Yeltsin to promise that he would begin his Halifax visit two days after the summit began. The meaning of this is: "Please come to the summit after all discussions are completed."

The latent meaning of the statement is to tell Boris Yeltsin that he should give the leaders of the rich nations the opportunity to to discuss world issues among themselves only. From this incident, it means that G-7 leaders do not completely wish to eliminate Russia from the group. Whether or not they have any consideration for Russia, the fact is Russia is not a country without nuclear technology. We cannot deny that Russia still has dreadful nuclear power. However, it should be realized that this summit is for rich nations only. That is all.

To lessen the irritation caused by the G-7 which will not be free from comments by writers of world history, Chacellor Helmut Kohl acted as mediator. Kohl had suggested that the G-7 be changed to the G-8 next year. With this, Russia can be included in the group of rich nations. But Kohl's suggestion was cold-shouldered.

Now the world can learn a lot about the truth of life at the international level. The rich nations care only for themselves. They are not interested in knowing about the fate of the people in more than 100 nations suffering and living in poverty. They take for granted that they control the peoples' will to live in many nations worldwide. The poor nations are not able to do anything if the rich nations turn their backs on the ill-fated nations where they tap raw material, and in turn market the products excessively. Robert Rubin, U.S. secretary of Treasury, is worried about this. History has taught us that in a difficult situation, rich nations only think of themselves and have never given a thought to the poor nations that provide them with services to make them rich and properous. They can tell the poor nations to go to hell! (three preceding words in English], and Comrade Boris Yeltsin should be the first person to realize this. If there are people who still refuse to learn from experience, they will never learn from reality. The Halifax summit is a full and clear proof of this. In fact, very clear indeed.

Government Moves To 'Silence Dissent' Examined

BK2306121695 Hong Kong FAR EASTERN ECONOMIC REVIEW in English 29 Jun 95 p 28

[Article by John McBeth in Jakarta]

[FBIS Transcribed Text] Don't be afraid to speak your mind. That's the message the opposition Indonesian Democratic Party [PDI] is trying to get across to its constituents. At a recent Jakarta gathering of the PDI, as the party's known locally, co-chairman Kwik Kian Gie told followers: "You shouldn't be afraid in your own country, because we've been free for 50 years."

The rallying calls reflect a spate of recent tussles between oppositionists and the authorities. In the past year, the government has tried to undermine PDI leader Megawati Sukarnoputri, clamped down on the media, and taken action against several prominent politicians and personalities, apparently all in an attempt to silence dissent ahead of the 1997 parliamentary elections.

Unlike the discreet controls applied to government critics in the past, however, the present efforts appear clumsy and haphazard. According to diplomats and other analysts, the heavy-handed approach may be alienating segments of the increasingly sophisticated Indonesian public.

First came the closure of TEMPO and two other magazines in June last year. That was followed by the sacking of two outspoken MPs: Bambang Warih Kusuma of the ruling Golkar [Functional Group] Party and Sri Bintang Pamungkas of the United Development Party. In more recent developments, prominent soothsayer Permadi Satrio Wiwoho faces trial in Yogjakarta, and the authorities have repeatedly questioned Sri Bintang about a series of allegations of anti- government activities. Another target is social scientist George Adicondro, who faces prosecution for allegedly insulting the government.

Permadi is charged with blasphemy. But human-rights lawyer Trimulya Suryadi says he is really being punished for criticizing Golkar — which he likened to the outlawed Indonesian Communist Party — and for warning of possible repercussions if President Suharto extends his rule for a seventh term.

Whether blasphemy or dissent, it does appear that the soothsayer's remarks struck a nerve in Jakarta. The armed-forces chief of general staff, Lieut.-Gen. Suyono, has openly pushed for Permadi's prosecution, hinting darkly that he may be involved in clandestine activities. Suyono, who commanded the Central Java region when Permadi made his remarks last year, is a former adjutant to Suharto and a member of the president's powerful inner circle.

Sri Bintang, meanwhile, has attracted intense scrutiny from the authorities. They first questioned him about street demonstrations in Germany that accompanied Suharto's state visit there in April. The legislator claims he was merely a bystander during the protests, which outraged Suharto. Investigators are now focusing on a speech critical of Jakarta that Sri Bintang allegedly made at a German university before the president's arrival. Despite numerous rounds of questioning, all duly noted in the nation's press, no charges have been filed against him.

The latest example of the government's stricter stance is the authorities' continued efforts to tie the PDI's hands in East Java. Local authorities took over the May 20 birthday-anniversary celebrations for Megawati's father, the late President Sukarno, and banned her from politicking during the event.

In this atmosphere a seemingly positive step by the government — to review a law that requires special authorization for gatherings of more than five people — has been greeted with scepticism. Few people expect much relaxation.

Kazakh President Nazarbayev on State Visit

Arrives 22 Jun

BK2306100395 Jakarta ANTARA in Indonesian 1831 GMT 22 Jun 95

[FBIS Translated Excerpt] Jakarta, 22 Jun (ANTARA) — Kazakhstani President Nursultan Nazarbayev arrived in Jakarta Thursday evening on a state visit at the invitation of President Suharto. The Kazakhstani president was originally scheduled to arrive at Merdeka Palace at 1730 West Indonesian time [1030 GMT], but he and his entourage arrived at 1805 West Indonesian time. He was warmly welcomed by the president and Mrs. Tien Suharto and the vice president and Mrs. Tuti Sutrisno. [passage omitted on Nazarbayev's itinerary].

Meets With Suharto

BK2306123095 Jakarta ANTARA in Indonesian 0828 GMT 23 Jun 95

[FBIS Translated Text] Jakarta, 23 Jun (ANTARA) — Trade Minister Satrio Budiharjo Yudono will lead an Indonesian trade delegation to the Republic of Kazakhstan in July to strengthen bilateral economic and trade cooperation.

Speaking to reporters on the outcome of talks between President Suharto and Kazakhstani President Nursultan Nazarbayev at the Merdeka Palace Friday, Minister-State Secretary Murdiono said the Kazakhstani president's visit is aimed at making Indonesia a major trade partner. To ensure smooth economic and trade cooperation, it is hoped that agreements on the avoidance of double taxation and investment guarantee can be signed in the near future. Murdiono said the Yudono-led trade delegation will consist of high-ranking officials from various departments and several leading businessmen.

Murdiono said during the two leaders' private meeting, President Nazarbayev had offered his country to become a bridge between ASEAN and Central Asian countries grouped in the Economic Cooperation Organization. Kazakhstan also called on Indonesia to invest in that country because it still needs foreign investments. The two leaders also exchanged views on development programs in their own country.

"The Kazakhstani president wants to learn in detail our country's development strategy, planning, stage, and method," said Murdiono. Before becoming an independent state, Kazakhstan was part of the former Soviet Union.

Honored at Suharto Banquet

BK2406160695 Jakarta ANTARA in Indonesian 1721 GMT 23 Jun 95

[FBIS Translated Text] Jakarta, 23 Jun (ANTARA) — President Suharto says the increasingly fierce global competition seems to subject developing countries to the mercy of developed ones.

"Therefore, the international community should jointly try to create a world which is fairer, more balanced, and which provides more welfare than what we now have," said the president at the State Palace Friday night.

Speaking at a banquet in honor of the visiting Kazakhstani president and Mrs. Sara Nazarbayev, the head of state said the unfavorable situation of developing countries coincides with the time of important world political and economic changes. Most of the changes seem to benefit industrialized countries.

"Developing countries, which accommodate the bulk of the world's population, are still shackled by poverty and backwardness," said the president at the function attended by Mrs. Tien Suharto, the vice president and Mrs. Tuti Sutrisno.

Their backwardness is caused by their lack of capital, their nonmastery of science and technology, and a shortage of skilled manpower. "This situation will not be beneficial to both developing and developed countries in the long term," said the president. Therefore, President Suharto, in his capacity as chairman of the Nonaligned Movement, told his guest who is making a state visit until 26 June, that Indonesia will continue to promote South-South cooperation.

The state banquet was also attended by Parliament Speaker Wahono, Sudomo, chairman of the Supreme Advisory Council, Susilo Sudarman, coordinating minister for politics and security affairs, Minister-State Secretary Murdiono, and Foreign Minister Ali Alatas.

General Sumitro Urges Presidential Term Limits

BK2306140395 Hong Kong AFP in English 1226 GMT 23 Jun 95

[FBIS Transcribed Text] Jakarta, June 23 (AFP) — Indonesia will need laws to limit the number of terms a president can serve, but only after Suharto had stepped down, an influential retired general said here Friday.

"The power given to the president by the constitution must be followed by limiting laws. I'm not saying for Suharto, (but) for the next president, there needs to be limitations," retired General Sumitro told journalists at his office.

The vocal former chief of Indonesia's internal security agency said that a group of retired army officials had once suggested limiting presidential terms to a maximum of three five-year terms.

Others have set the limit at two consecutive terms, said Sumitro who is now a businessman and a political analyst.

Suharto, in power since 1967, is due to end his sixth five year term in 1998 and although there is speculation about possible successors, many also believe the 74 year-old president will take on, at least partially, another term.

The Constitution only stipulates that a president can be reelected.

Critics, led by the leading dissident "Group of 50", have called for a limit on the number of terms one person can serve, but the demand has met with staunch opposition from officials.

Military Officer: No Threat of ABRI Coup

BK2306144195 Jakarta REPUBLIKA in Indonesian 23 Jun 95 p 1

[FBIS Translated Text] Bandar Lampung — Major General Syarwan Hamid, assistant to the ABRI [Armed Forces of the Republic of Indonesia] chief for sociopolitical affairs, says people must not fear that ABRI will stage a coup. "A coup attempt is unconstitutional and it will never happen here. For Indonesian people, any change must be constitutional," said Maj.Gen. Syarwan in Bandar Lampung yesterday.

Maj.Gen. Syarwan made the remarks after he addressed about 1,000 students and lecturers of Lampung University at their Gedung Meneng campus, adding that the ABRI presence in parliament is still needed as a stabilizing force and escort.

While performing its sociopolitical role, ABRI does not want to see a polarization within the nation as once happened after the 1955 general elections. At that time, ABRI members cast their votes in the elections so ABRI was unable to fulfill its full duty as a security force. "It was an expensive lesson," he said.

In his speech on ABRI's sociopolitical role in realizing public security and order and supporting national development on the eve of the Second Development Master Plan, Syarwan said Indonesia will be relatively peaceful in the coming five to 10 years.

"There is no threat, especially from outside the country. However, we must be vigilant to any internal threat caused by among other things ideological differences," he said.

Syarwan also told reporters that the recent military reshuffles — both at the upper and lower levels — are related to preparations to ensure the success of the 1997 elections. However, he stressed the reshuffles are mostly of routine nature due to the retirement of some officers.

"Commanders at the lower echelons, such as Area Military Commands and District Military Commands, must not be reshuffled because they must understand local situation, ensure the success of the next elections, and communicate with the public for successful territorial development," he said.

Replying to a reporter's question on the national leadership succession, Syarwan said the issue is not forbidden for discussion as long as it is still within the scope of existing regulations. However, everybody must consider whether the discussions will be useful if they are expressed now. Syarwan believes that the various views on the succession issue have not created problems for ABRI. "The discussions are still within normal scope," he said.

Syarwan said the ABRI basically extends its support for all Indonesian people, not just Golkar [Functional Group]. "While it is true that ABRI indirectly gives its blessings to Golkar, the truth is that ABRI members do not cast their votes in the elections," he said.

Factions Unhappy With Stock Market Bill

95SE0144A Jakarta KOMPAS in Indonesian 30 May 95 p 2

[FBIS Translated Text] Jakarta (KOMPAS)—The government is being asked to stress guaranteed protection of the investor community from hurtful practices on the capital market. The Capital Market RUU [draft legislation] submitted to the DPR [Parliament] should not only give more stress to the importance of "transparency", but should also provide legal security both for oversight and for imposition of sanctions for capital market manipulations and violations.

This is a summary of opinion presented by the four DPR factions in the plenary session on Monday, 29 May, in response to the capital market bill submitted by the government. The government was represented in the session by Minister of Finance Mar'ie Muhammad. The four factions also submitted general views on the Customs RUU and the Excise RUU, which the government also submitted to Parliament.

The PDI [Indonesian Democratic Party] Faction submitted a "firm" view through its spokesman S.G.B. Tampubolon, who said he felt the Capital Market RUU submitted by the government to the DPR was rather late.

"Many investors have become victims of those who issue stock on the capital market. Many 'legal' frauds occur freely, because laws cannot protect the victims," Tampubolon said.

Therefore it is hoped that the Capital Market RUU, although late, can guarantee legal security in the operation of the capital market. The PDI strongly stressed the matter of legal security, because the faction feels that even the government itself has often neglected the matter. The government does not enforce many laws properly and does not respect hierarchies or processes provided by the laws.

"There are nonjudicial agencies that act as judicial bodies. Meanwhile, the Supreme Court makes many decisions that cannot be implemented. All of this illustrates the fragility of legal security in this country. We all know, however, that order and legal security greatly depend on the political will of the government," Tampubolon said.

According to the F-PDI [PDI Faction], in capital market trading there are many instances of wrong information, markup practices, insider trading, collusion, and white collar crimes, which hurt not only private investors but also those who spend government money, government banks, and nonbank financial institutions such as BUMN [state-owned enterprise] pension funds. "Is it rational that a stock with a price-earning ratio (PER) of 400 should still sell? With a PER of 400, an investor would not get his money back in dividends for 400 years," he said.

Investor Protection

The F-KP [GOLKAR Faction] also spotlighted the question of security and protection of investor interests through its spokesman, Umbu Mehangkunda, who asked that principles of transparency and firm action against violations be given a clearer part. The submission of the RUU is appropriate, since Law No. 15/1952 is no longer adequate for guaranteeing protection of investor interests.

The F-KP sees some weaknesses in the RUU that was submitted, however. "For example, the RUU gives very broad authority to the BAPEPAM [Capital Market Oversight Board], including functioning as an appeal board for people incurring sanctions. At the same time, the RUU does not include the status, makeup, or power of the appeal board," he said.

The question of the broad authority of the BAPEPAM was also raised by the F-ABRI [Indonesian Armed Forces Faction], which through its spokesman, Herman Hidayat, asked that BAPEPAM's authority be limited to avoid overlap with other laws. "BAPEPAM is given authority to approve the nomination and termination of commissioners and directors of the stock exchange, clearing bodies, and underwriters. This is despite the fact that the Limited Company (PT) Law states that the highest authority in a PT is the general meeting of stockholders," Herman said.

The F-KP and F-ABRI specifically questioned the role of foreign investors. According to the F-KP, the RUU must also give proportional and fair opportunities to small and medium-size businesses to be involved in the capital market. This is important, because, according to the F-KP, if the capital market grows rapidly and attracts foreign investors, excessive power by foreign investors must be avoided. In other words, the capital market should always provide incentive to domestic investors, especially those of small and medium size.

"Furthermore, the RUU does not regulate the role of foreigners in the capital market and stock exchange, whether issuers, participants, those in supporting jobs, or investors. It needs to be explained why this matter is not regulated," the F-ABRI spokesman added.

The F-PP [Development Unity Party Faction] also spotlighted the issues of legal security and clarity of regulations through its spokesman, H.M. Mukrom As'ad, who saw the Capital Market as not possessing clarity of "organic" categories. It is difficult to classify basic, general, and technical policies that would be provided in the law and its implementing regulations or identify implementation and technical guidance.

Customs and Excises

As for the Customs RUU, the four factions generally welcomed the government's efforts to replace the colonial regulations that have been in effect until now. The four factions hoped the law will strengthen effectiveness in speeding up the flow of trade. This is necessary because trade expansion efforts, industrial investment demands, and industrial relocation from other countries require a guaranteed smooth flow of goods.

All the factions also stressed the importance of a customs system that is consistent with the globalization era through synchronization with international arrangements under the WTO [World Trade Organization], AFTA [ASEAN Free Trade Area], and other agreements. The F-KP and the F-ABRI asked that procedures, systems, and customs coordination systems be supported by readiness on the part of the government apparatus. The F-PDI and the F-PP spotlighted inspections and the customs oversight system.

On a separate occasion, Tito Sulistio, principal director of PT Parallel Exchange of Indonesia (PT BPI), said the Parallel Exchange is not the property of just the conglomerates but also of all companies in Indonesia. The floor of the exchange is not merely for companies in Jakarta, but for regional companies, too.

He said this after the annual meeting and special general meeting of PT BPI stockholders in Jakarta on Monday, 29 May. Asked by the press about plans for a merger of BPI and BES (Surabaya Stock Exchange), PT BPI President Commissioner Bambang Subianto said that the PT BPI Board of Commissioners has given a mandate to the merger team to prepare a plan in 60 days.

The PT BPI stockholder meeting also received a report of the financial condition of the company, which in 1994 had assets of 4.6 billion rupiah and a net profit of 58 million rupiah.

BEJ Denies Data Different for Foreigners

95SE0144B Jakarta BISNIS INDONESIA in Indonesian 24 May 95 p 2

[FBIS Translated Text] Jakarta (KOMPAS)—Mas Ahmad Daniri, director of trading for PT [Limited Company] Jakarta Stock Exchange (BEJ), stressed that there is no information discrimination between foreign and local investors on the BEJ. The information system used for automation is the same as the manual transaction system.

He made this statement Tuesday, 23 May, in reply to a question from Lippo Investment Managing Director Roland Haas about implementation of BEJ automation. According to Haas, the automated system does not supply the complete information available on the regular market.

Ahmad Daniri said that Directive Number 1055/1988 of the Minister of Finance is the regulation that sets the foreign portion at only 49 percent. "Before the foreign portion was 49 percent, foreign and local investors had the same rights, because the information was available on the regular board. Thus, there was no problem before the foreign portion became 49 percent," he said.

He added that because the Indonesian capital market uses the totally split market system, its trading is categorized as regular and nonregular. Transactions on the foreign board, or negotiation market, are categorized as nonregular. Daniri said that for transactions that take place on the foreign board, investors are free to negotiate on the outside and have only to formalize them on the capital market. Therefore, Daniri said, it could happen that the price of a stock will be higher on the negotiation market than on the regular market.

Favors Rescission of Foreign Portion Limit

Daniri said that although there has been only one complaint, investor disappointment gets the constant attention of the BEJ. "We should not hastily change the system because just one investor makes a claim. If it has been changed, it cannot be easily changed again," he said.

According to Daniri, the 49 percent limit for foreign ownership of shares from a single issuer is larger than on Malaysian or South Korean markets, which provide only 15 percent for foreigners. As for Haas's desire that the capital market be opened fully to both foreign and domestic parties, Daniri said, "BEJ would be happy with that." His reason was that more funds would come into the market. "Actually, the capital market does not know anything about government limits," he stressed.

A broker confirmed Daniri's statement. As an example, he noted that on the regular market yesterday Indah Kiat's stock was worth 2,700 rupiah, but because foreign investors could negotiate on the regular market, a foreign bid emerged at 3,200 rupiah.

He said that actual prices on the foreign board, as desired by Roland Haas—rather than merely "indicated" prices, which make it hard for fund managers to make decisions—are not accommodated by trading rules. "Why should that be a problem, when they can look at the regular board?" he asked.

Local Bids Sought for Natuna Gas Project

BK2606081795 Jakarta THE JAKARTA POST in English 8 Jun 95 p 1

[FBIS Transcribed Text] Jakarta (JP) — State Minister of Research and Technology B.J. Habibie said yesterday the government was counting on the participation of local private companies in developing a U.S.$42 billion gas extraction project in the Natuna Islands in the South China Sea.

Habibie stressed, however, that only companies that met with international standards would be selected for participation in the project.

I don't care who's behind the company, as long as they are competent," he said after installing four officials to assist him in managing the Natuna gas project at the headquarters of the Agency for the Assessment and Application of Technology (BPPT).

Habibie, who has been appointed by President Suharto to head the project, said that several local companies had expressed interest in taking part.

Habibie installed yesterday Feisal Abda'u, the president of the state oil firm Pertamina as coordinator for marketing and finance of the Natuna gas project; G.A.S. Nayoam, a former senior Pertamina official, as coordinator of the gas field development; Sulaiman Wiradijaya, BPPT deputy chairman, as coordinator of supporting facilities; and Rear Admiral (Navy) R. Marjono a chief of the project's executive unit.

The Natuna project, billed as the world's largest gas development project to date, is jointly owned by Pertamina and Esso Natuna Inc. of the United States, with each holding a 50 percent share under a deal signed in January after 10 years of negotiations.

The Natuna gas field, located 225 kilometers northeast of Natuna Island, is estimated to contain 222 trillion cubic feet of natural gas. Only 75 percent off the gas is recoverable because of the high content of carbon dioxide. The field could yield 30.5 million tons of gas per year for 20 years. It is expected to become operational within the next 10 years.

"This mega-project must benefit the people by among other things, involving as many local companies and workers as possible," Habibie said yesterday.

He added that he did not foresee any difficulties in finding local companies that have the competence necessary to participate in the project, from providing supporting facilities to the production process itself.

Habibie said the project would include at least six giant offshore platforms: four for production facilities and two for housing and other amenities.

The construction of the platforms alone is estimated to require about 65 tons of steel, he said.

He said half of the gas output would be exported.

Thailand

U.S. Call To Liberalize Services Examined

BK2406113695 Bangkok THE NATION in English 24 Jun 95 pp B1, B2

[FBIS Transcribed Text] The United States has again called for Thailand to lift its 49 percent foreign ownership limitations before multilateral services negotiations resume on June 30, said Karun Kittisathaphon, a deputy permanent secretary at the Commerce Ministry.

The Cabinet will also discuss the US request for the opening of the financial services sector next Tuesday. The request was relayed in a message by a top US Treasury official, Jeffrey Shafer, through deputy finance minister Chawarat Chanwirakun at last month's meeting of the Asian Development Bank, according to another government source.

The source said the US request is for Thailand to issue an unlimited number of new banking licences to foreign banks; to permit foreign financial institutions to hold up to 100 percent of local units instead of the current 25 percent limit; give national treatment to foreign firms by removing restrictions on expansion of existing business and newcomers' office opening.

The source said the request also includes the inclusion of financial services to cover new areas such as pension fund management; relaxation of work permits on foreign personnel (ie 12 permits, up from 8, for offshore banking unit if upgraded into a full branch); and increase of the foreign shareholding limit in insurance firms to 40 percent from the present 25 percent.

In another development, Karun said that as the negotiations are drawing near the United States has repeated its call for Thailand to lift restrictions against foreign businesses by saying Thailand's offer is insufficient.

The recently-concluded Uruguay Round of the General Agreement on Tariffs and Trade has included a broad agreement on trade in services for the first time in Gatt history. The details of the liberalization however, are subject to further negotiations between the members of Gatt.

Over the period, the United States has said Thailand and some other Southeast Asian countries have not offered the amount of trade liberalizations it expected.

Karun said Thai officials should tell their US counterparts that Bangkok is already cornered and it can no longer offer more than what it has already proposed.

He said Thai officials will have to strictly adhere to the government's mandates that Thailand will not offer anything more than it already has.

If Thailand is to open sectors with healthy values it will do so only on the condition that domestic investors cannot develop that particular sector on their own.

Det-udom Kraiwit, a lawyer who has been working on amendments to the country's alien business law, said the draft of the amended law is no longer valid due to the dissolution of parliament.

U.S. Interference in Internal Matters Viewed

BK2606081495 Bangkok THAILAND TIMES in English 26 Jun 95 p A4

[From the "Never Ending Story" column by Chris Gelken: "A U.S. or Thai Election?"]

[FBIS Transcribed Text] Time is running short for candidates to win over voters for next Sunday's national election. They have numerous methods at their disposal to get their message across, though it is unclear what particular message a Chat Thai candidate in Lop Buri hoped to communicate with his four handguns and an AK-47 rifle. To be fair, there is probably a perfectly logical explanation, though at the moment one can only wonder what it could be.

The Chat Thai has been under considerable fire for its alleged connections with criminal organizations. Or perhaps to be on the safe side, it would be better to say its alleged connections with alleged criminal organizations.

Party leader Banhan Sinlapa-acha has, according to sources close to the party, been searching for a compromise solution that would satisfy the ambitions of certain senior members of his party and, at the same time, pacify the critics who suggest his party is mixed up with drugs and other less than salubrious activities. Over the weekend, Banhan announced that these individuals had agreed to nominate proxies, or proteges as the press described them, to sit on the cabinet in their place.

While it may provide a suitable way out of the dilemma for Banhan, it does lend itself to suggestions that power, and not the desire to serve, is the motivating force driving some candidates in the election. If the gentlemen concerned were genuinely supportive of their leader, they should have made his task easier by publicly announcing they would be more than satisfied to serve the country on the backbenches of Parliament, rather than maneuvering themselves to be the power behind the ministerial thrones.

After all is said and done, however, it is all a bit of a contrived story, lacking in any real substance. Rumors and allegations abound, yet none of the characters in this black comedy have been hauled before a court to answer charges. Officials in the United States, where the charges originate, are tight lipped when it comes to giving clear and checkable information. They drop hints but are short on actual published evidence.

The U.S. really should put up, or shut up. Things are complicated enough in Thai politics without American drug enforcement agents running around pointing accusing fingers. How would Washington feel if Thailand said it could no longer entertain high level delegations from the U.S. until charges of sexual harassment and financial impropriety against the President were cleared up? In their inimitable style, the United States would tell Thailand to butt out of American internal affairs.

If the Americans really want to score a major victory in the war against drugs, they should consider expelling the British ambassador from Washington and insisting London clean up its act in the Cayman Islands.

As a center for laundering drug money, the Cayman Islands has few equals. More than 60 percent of the world's money now resides offshore, and in 1995 an estimated U.S. $600 billion share of that 60 percent will pass through the more than 500 banks in British-administered Grand Cayman. Offshore banking facilities prosper by selling secrecy, minimal taxation and few regulations to its potential investors. International investigators say this culture of secrecy is the partner of financial crime.

In the event that former Chancellor of the Exchequer Norman Lamont is successful in his leadership challenge to Prime Minister John Major, will the U.S. protest? There is no doubt whatsoever that Lamont has as much information regarding the money laundering activities of banks on the Cayman Islands as international investigators chasing a paper trail that goes dead on the sand spars and coral islands off the Caribbean. Where do we draw the line between protecting vital interests and offering indirect support to criminal activities?

In 1992, the nomination of then Samakkhitham Party boss Narong Wongwan to the post of prime minister triggered U.S. allegations of his involvement in the drug trade. Washington's interference arguably contributed, directly or indirectly, to the bloodshed of the May "incident". Thailand doesn't need a repeat performance.

Return of Vietnamese Bodies Approved

BK2306144595 Bangkok Radio Thailand Network in Thai 1200 GMT 23 Jun 95

[FBIS Translated Text] The Cabinet has approved a proposal by the Foreign Ministry to send back to Vietnam the bodies of two Vietnamese officials killed in a clash [date not given] between the Royal Thai Navy Ship "Khlong Yai" and a Vietnamese armed vessel which was trying to seize Thai fishing trawlers in the Gulf of Thailand. As a result of the clash, two Vietnamese officials were killed and one was captured alive by the Thai side. One Thai fisherman was also killed. The Foreign Ministry had been working with the 2d Navy Fleet in Songkhla Province on sending the dead bodies as well as the detained official back to Vietnam. It was agreed finally that they would return on an ordinary Thai vessel leaving to buy fish in Vietnam on 28 June. They would be accompanied by nine Vietnamese fishermen who were rescued when their boats sank in the gulf.

The Foreign Ministry is satisfied that the problem could be settled within a short time so the incident would not be blown up into a big issue between Thailand and Vietnam. Thailand's decision was based on humanitarian principles and the good relations among Thailand, Vietnam and the ASEAN nations. It hopes that Vietnam will be induced by the principle of reciprocity to free Thai trawlers and fishermen within a short time.

SLORC Human Rights Violations Criticized

BK2606065995 Bangkok THE NATION in English 26 Jun 95 p a4

[Editorial: "Growing Activism Should Be Wake-up Call for SLORC"]

[FBIS Transcribed Text] When Burma's minister for economic and national planning David Abel chuckled recently that Western complaints on human rights were "meaningless", considering the amount of foreign investment which has flowed into the country, he may have been counting his chickens before they hatched.

Soon after, a pair of U.S. congressmen announced they would propose trade sanctions against Burma because of the State Law and Order Restoration Council's [SLORC] continued refusal to respect international norms on human rights.

The most revealing aspect of Abel's gloating statement was that he, and his fellow dictators, simply don't understand how modern societies work.

It is anybody's guess whether the U.S. government will approve sanctions against Burma. It did so in Haiti under similar political circumstances: a military dictatorship had refused to allow a democratically-elected leader to rule. And the U.S. has just slapped an embargo on Iran.

But in both cases, the Americans believed they had security interests at stake: they wanted to stop an influx of refugees from Haiti and pressure Iran to give up its alleged nuclear ambitions.

America's security interests in Burma are generally limited to concerns over the drugs trade and countering China's attempts to expand its influence. The U.S. seems unsure whether these interests are best met by engaging Burma or isolating it.

So far, it has bowed to the view of ASEAN governments that Burma will never change so long as it remains isolated. But even if the U.S. and other Western governments continue to allow trade with and investment in Burma, the criticism over SLORC's human rights records still means much.

What SLORC naturally fails to understand is that its impact is felt mostly at the grassroots level. Amid the apathetic 1990s, opposition to SLORC is growing rapidly on campuses, in churches and even in corporate headquarters.

A number of well-known companies have declared that they won't do business with Burma because of SLORC's continued abuse of the Burmese people, including three high-profile garment makers: Levi Strauss, Eddie Bauer and Liz Claiborne.

Textiles is an important industry for Burma since unskilled labor is about the only thing it has to sell except for natural resources. But perhaps General Abel simply doesn't know what he's missing.

Other companies which have sworn off Burma include Federated Stores, a retailer which owns Macy's Department Store, and Amoco, an oil company which claimed it was leaving for economic reasons but was also under pressure from its shareholders to leave over human rights concerns.

Shareholder democracy

The advent of shareholder democracy — and the growth of investment funds which place a premium on social and environmental responsibility — is also being felt at the Unocal oil firm. A recent proxy proposal asking the company to review its involvement in a pipeline that will transfer natural gas from Burma to Thailand won enough votes from shareholders to ensure the issue will be raised again.

Meanwhile, students and other activists are waging protest and divestment campaigns against other high-profile investors in Burma such as Pepsi. Individually, the actions may not have a great impact. But taken together, the anti-SLORC movement is strikingly similar to campaigns in the 1900s against apartheid in South Africa. And we all know what happened to South Africa in the 1990s.

While some forms of investment may eventually improve the political situation in Burma by creating a middle class, most of the funds currently flowing into Burma is aimed at extracting resources. Money is being funneled directly to SLORC and leaving the majority of people, who have no say over how their resources are used, worse off than before.

Breech of rights

This is a breech of people's fundamental human rights. Thailand will be inalterably tainted if it sees through its [illegible] to exploit Burma through gas pipelines, logging and dams — not just in the West, but everywhere, particularly in Burma itself.

Contrary to what demagogues would have us believe, the conflict over human rights is not between Asians and Westerners, it is between humans.

It is true that anti-SLORC activity in Asia is most visible among dissident Burmese themselves. But concern over human rights is everywhere, and it is of growing importance.

Asians are generally opposed to economic sanctions because they have risen to prosperity on free trade and are fearful developed countries want to maintain their economic dominance. But this opposition is probably more practical than ideological.

Despite all the rhetoric, Asian governments are past masters at regulating trade to suit their own interests. And one day these regulations may well reflect moral concerns. Following the conflict which erupted when a Filipina maid was executed in Singapore, even Suphachai Phanitchaphak, Thailand's high priest of free trade, admitted that some rules needed to be set down concerning trade in labor.

SLORC will have to start following international norms if it wants Burma to develop. Its claim that forced labor is a part of Burmese tradition simply doesn't wash.

Other countries have had similar traditions. It's called slavery, and most forms of it were abolished long ago. The SLORC must be the only government in the world to officially promote it.

If Burma hopes to enter the 20th century before it enters the 21st, the brutality must stop.

New Burma Policy for Government Proposed

BK2606073895 Bangkok THE NATION in English 26 Jun 95 p a4

[Article by Don Pathan: "Election Clears the Way for Overhaul of Burma Policy"]

[FBIS Transcribed Text] Despite the campaign rhetoric of a few candidates calling for a revision of the Thai-Burma relationship, it remains to be seen whether the next government will rethink "constructive engagement" — a policy that is often criticized as a thinly disguised agreement aimed at protecting Thailand's business interests with the ruling State Law and Order Restoration Council (SLORC).

As it stands, the next government has two choices: either continue with its passive attitude and play down disputes between the two countries as bilateral issues or "internationalize" future incidents by requesting organizations such as the United Nations or the Association of Southeast Asian Nations (ASEAN) provide an arena for discussion between the two countries.

Prof Withit Mantraphon of the Chulalongkon University Faculty of Law said Thailand's passive attitude had destroyed the country's credibility in the eyes of SLORC. He called the constructive engagement a "slap-in-the-face policy" and said SLORC is not taking Thailand seriously. As two examples he cited the abrupt decision by Rangoon to stop construction of a bridge over the Moei River, as well as the numerous incursions into Thai territory by SLORC-backed rebels earlier this year.

Burma Construction Minister U Khin Maung Yin ordered a halt to the building of the bridge on June 5 because he claimed Thailand was encroaching onto Burmese territory. The SLORC argued that the construction had changed the course of the river, which technically serves as the natural boundary between the two countries. The dispute on border demarcation has been going on for decades and it was surprising to see such drastic action being taken by the Burmese.

Despite the fact that the Bt70 million bridge construction project was entirely funded by the Thai government, not to mention the 6OO-truck-loads of soil provided by Thailand, Defense Minister Gen [General] Wichit Sukmak still managed to be optimistic and expressed his confidence that the two sides could soon resolve the dispute that had brought the bridge construction to a complete stop.

Prof Withit argued that constructive engagement has not been as fruitful as Thailand had expected — pointing to the huge projects and contracts that Burma has awarded to neighboring countries such as Indonesia and Singapore. His comment was reinforced by the recent trip by SLORC chairman Than Shwe to Indonesia and Singapore which was deemed as an attempt to strengthen Burma's economic ties with other ASEAN countries.

At the present, Thailand is caught between the devil and the deep blue sea. The next government can not continue with its business-as- usual attitude and expect Burma to respect the nation's political role in the region. At the same time, bringing the Thai-Burma dispute on to the ASEAN table will meet stiff opposition from both Indonesia and Singapore because of their growing business involvement with SLORC. But these countries don't have to put up with the influx of refugees fleeing SLORC's relentless persecution. Yet, for Thailand to "internationalize" the dispute now would be nothing less than a public admission of past mistakes — something that doesn't happen too often in Thai politics.

ASEAN's Western counterparts are expected to press for Burma's human rights record to be on the agenda of the next ASEAN meeting. The timing is good for Thailand because July 19 will also mark the sixth anniversary of Aung San Suu Kyi's unlawful house arrest and it is expected to be attract lots of attention from the international community.

In short, internationalization would mean going beyond a simple ceasefire or any other half-hearted schemes of the past that were often deemed controversial and never directly addressed the main reason behind the systematic persecution of the Karen and other ethnic minorities in Burma.

Some have pointed out that internationalizing the border issue will lessen the burden on Thailand because responsibilities would be shared. Such responsibilities may include providing security for the displaced people who have fled armed conflict, as well as creating a sound logistical base to help aid workers in distributing basic necessities such as food and medicines. National Security Council deputy secretary general Khachatphai Burutphat insists that there is no need to bring in international organizations to monitor the refugees. He cites Thailand's experience in dealing with the influx of Indochinese refugees in the past decades.

During the series of incursions by the Democratic Karen Buddhist Army (DKBA) in the recent months, the Thai authorities consistently played down the incident as a local issue. They emphasized the fact that the two countries share a common border that stretches 800 kilometers, and to the political instability in Burma that would suggest that these border incidents are more or less inevitable.

Moreover, the government of Thailand, and particularly those responsible for maintaining border security, went out of their way to avoid direct confrontation with SLORC. Even on Thai soil, the authorities had left the Karen to defend themselves by allowing them to keep a few weapons, but with the understanding that they keep a low profile. This turning the-blind-eye approach ended when the Burmese cried foul. {txt In a recent interview on The Nation TV, Nam Thai candidate MR Sukhumphan Boriphat suggested what many of fellow politicians had deemed to radical. "We should be in the position to push Burma into accepting the opinion of the international community and show them the right path to take in order to be accepted internationally," said MR Sukhumphan, a former political lecturer at Chulalongkon University. Pongphon Adireksan of the Chat Thai Party, on the other hand, unabashedly argued that there is no other way to coax Burma into political reform than through economic cooperation. He said his party would use state enterprises to spearhead economic cooperation with Burma.

Currently, Thailand ranks fifth in the world in terms of investment with Burma with nearly U.S. $200 pledged — in addition to the numerous off-the-record business transactions between local influential figures of both countries.

The Thai authorities know very well that the incursions of the recent months are nothing less than a direct assault on Thailand's sovereignty. And for the authorities to play these incursions down as minor or local incidents is to put economic gains before national sovereignty.

With a new government due to take power soon as a result of the July 2 election, Thailand has the option to admit that the so-called constructive engagement of ASEAN has failed and look into new approaches in dealing with Burma. In short, the policy has failed because it has not stopped Burma's persecution of its own people. Moreover it has failed because it has created a situation where the SLORC is taking Thailand's sovereignty for granted, and also because it has caused more problems than the economic gains that were originally expected.

One thing is clear — clinging on to the business-as-usual attitude towards future incidents along the border will further damage the country's already-fragile credibility. And unless the next group of policy makers comes up with a new platform to address the problems between the two countries, the next government of Thailand will continue to get a cold response from Rangoon.

UN Urges Burmese Exiles To Enter Safe Area

BK2406164295 Bangkok THE NATION in English 24 Jun 95 p A3

[FBIS Transcribed Text] The United Nations High Commission for Refugees has urged Burmese students living in exile in Bangkok to enter the special camp set up for them in Ratchaburi province.

The UNHCR said it had changed its policy and would no longer provide assistance to those who stayed outside the government-run "safe area" at Maniloi. The camp met international standards and it would be in the students' best interests to move there.

From July 1, Burmese students would be advised they would continue to receive assistance only if they moved to Maniloi camp.

"Every month a group of persons will be chosen according to the chronological order of their numbers. They will be informed that they should transfer to the safe area in order to benefit from the assistance," the UNHCR announced in a press release on Thursday.

The Maniloi camp was set up to house Burmese students taking refuge in Thailand after fleeing military suppression in their home country. However the students, who are under the care of the UNHCR, refused to enter the safe area as its regulations bar them from political activities.

It is not known how many Burmese students are staying in Bangkok.

The press release said that the government's policy required that all Burmese students, termed by the UNHCR "persons of concern", should be admitted to the safe area, where they would be given legal status.

Actually, the status provided by the UNHCR to Burmese students was officially terminated after the camp began operating.

The government subsequently stated that without the UNHCR- provided status it considered that those students still in Bangkok were living illegally in the country.

The press release said the safe area met accepted international standards for the protection and welfare of refugees.

Residents at the camp, which is administered by the Interior Ministry were paid a monthly allowance, and given food, accommodation, and comprehensive medical care as well as educational and vocational training.

They could request permission from the camp commander to leave the camp for one week every month for travel to any destination in Thailand, and had the opportunity to study in Bangkok on UNHCR- sponsored scholarships.

Therefore, the UNHCR considered that it was in the best interests of all the students to legalize their status by entering the safe area, the statement said.

Memorandum Signed With Laos on Use of Bridge

BK2306113695 Bangkok Radio Thailand Network in English 0000 GMT 23 Jun 95

[FBIS Transcribed Text] Thailand and Laos have signed a memorandum defining measures to facilitate the use of the Thai-Lao Friendship Bridge across the Mekong River.

Under the memorandum, both sides agreed to display signboards showing bus schedules across the river. To prevent more accidents on the bridge, authorities of the two countries agreed to impose strict control on vehicle conditions, important car documents, and physical and mental conditions of motorists, in line with the laws of both countries.

The Nong Khai-Vientiane checkpoint will have signboards stating the rules and regulations on the use of the Thai-Lao Friendship Bridge in three languages, namely Thai, Lao, and English.

Both sides will ask their governments to consider granting permission for use of driving licenses in both countries.

Thailand will set up a consulate in Savannakhet Province of Laos to cover six Lao provinces. At the same time, Laos will set up its consulate in Khon Kaen Province to provide services for 19 northeastern provinces in Thailand.

'Adjusting' Financial Liberalization Plan

BK2606065795 Bangkok BANGKOK POST in English 26 Jun 95 p 1

[Report by Sunrat Bunyamani from the "Investment & Property" section]

[FBIS Transcribed Text] Thailand is adjusting a plan to liberalize its financial market by shelving a full liberalization scheme as World Trade Organization [WTO] talks ending on June 28 seem likely to be inconclusive.

Instead of fully liberalizing the market, Thailand will open its market for neighboring countries in ASEAN, according to Thirachai Phuwanat-naranuban, director of the Bank of Thailand's Financial Institution Supervision and Development Department.

The likely failure of WTO talks at Geneva — which started on June 15 — is largely because of the United States strong resistance to a plan to allow other countries to access its market freely, Mr Thirachai said.

Although the United States has softened its stance by agreeing to lift its general discrimination policy, It insists it should continue imposing its state-license policy — a policy requiring foreign financial institutions to seek licenses from state administrations before becoming incorporated.

The stance of the United States has disappointed other countries, including Thailand, which have plans to rectify the free access agreement, Mr Thirachai said.

So, other countries have held on to their plans.

Therefore, an agreement to be made on June 28 would not be implemented, and all countries would have to return to hold bilateral talks by stressing reciprocal principles, which were earlier expected to be replaced by a non-discriminational practice worldwide after the WTO was established, Mr Thirachai said.

This is strongly against the principle of the General Agreement on Trade and Services (GATS), and under such bilateral talks, developing countries would be under pressure from those which are better developed.

This will force Thailand to adjust its liberalization plan. A study of the Bank of Thailand on Offer Lists of other countries finds that Thailand has liberalized its financial market more than other countries in ASEAN.

Therefore, Thailand will be in a good position to opt for an offensive stance in talks with neighboring countries.

But compared to developed countries with more liberalized markets, Thailand would be in a defensive position.

Mr Thirachai said a note from the Thai Bankers' Association [TBA] confirms the Bank of Thailand's study.

The TBA said Thailand has stated in its Offer List that foreign financial institutions will be allowed to join ATM [Automatic Teller Machine] pools operated by Thai banks, while other countries in ASEAN still prohibit such operation.

Although Malaysia has stated it would allow foreign financial institutions to join its local ATM pools, it is only an "unbound" agreement, Mr Thirachai said.

Even Singapore, which is accepted as one of the countries widely liberalizing its financial market, only allows foreign financial institutions to operate in-house ATMs without permission to join national pools.

Meanwhile, Dr Thawatchai Yongkittikun, Secretary General of the Thai Bankers' Association, said permission for foreign financial institutions to join Thai ATM pools would greatly benefit foreign financial institutions.

The ATM pool has a nationwide network, which means when foreign financial institutions join the pool, they will be able to offer services nationwide.

"No other countries in the world, except Thailand, give such privileges to foreign financial institutions in their Offer Lists," Dr Thawatchai said.

Moreover, Thailand has also committed to granting more banking licenses to foreign financial institutions and to allowing foreign Bangkok International Banking Facilities (BIBF) banks to upgrade their BIBF offices as full branches.

Again, Thailand is the only country offering this commitment. The only proposal where Thailand lags behind other countries is in its shareholding proportion, which now limits foreigners to 25 percent of each local institution's shares. Other countries allow up to 30-40 percent.

Central Bank Works Against Interest Rate Decline

BK2506065995 Bangkok BUSINESS DAY in English 24-25 Jun 95 p 2

[FBIS Transcribed Text] Thanasak Chantharowat, deputy director of the Bank of Thailand's [BOT] banking department, said the central bank has been pursuing a tight monetary policy to slow interest rate declines caused by strong capital inflows.

Mr Thanasak said that interbank rates would have fallen much faster in recent months without the central bank measures.

Earlier in the week BOT Governor Wichit Suphinit said the bank would keep interest rates high to put a lid on inflation. The bank has targeted a top inflation rate of 5 percent.

Inflation grew at an annualized rate of 5.4 per cent in both April and May.

Interbank interest rates hit 15 percent during the Mexico crisis in January but have since subsided as foreign investor regained confidence in emerging markets.

In recent weeks market money market rates have fallen sharply as foreign investors flooded the domestic market with funds. They have been attracted by higher domestic rates, which are up to six percentage points above comparable rates in major foreign markets, and attractive stock prices.

Asked if the potential exists for lower domestic rates, Mr Thanasak said financial institutions should consider the gap between foreign and domestic interest rates.

But he said adjustments in rates should be in smaller proportions than any changes made by the US Federal Reserve because alterations in Thai interest rates can have a much greater impact on the local economy.

The central bank would prefer to see domestic interest rates stabilized to help it control expenditure and better manage inflation, he said.

Meanwhile, Suphot Kittisuwan the director of the central bank's Banking Department, predicted that interest rates in the second half of the year would stabilize at current levels.

The central bank believed that if interest rates are lowered, growth will accelerate and the economy would be in danger of overheating.

Continuing high rates of economic and credit growth would have to be taken into account before interest rates are lowered, Mr Suphot said.

The US Federal Reserve meeting on July 6 would be critical to any future movements in interest rates.

Mr Suphot said financial institutions in Thailand should wait for clearer signals before taking steps to lower interest rates.

"Domestic financial institutions do not have to follow the US Fed in lowering interest rates, because such a move should depend more on domestic factors," Mr Suphot said.

Promotion Policies Help Boost Rice Exports

BK2306100095 Bangkok THE NATION in English 23 Jun 95 pp B1, B2

[Report by Wichit Chaitrong]

[FBIS Transcribed Text] Deputy Commerce Minister Chaiyot Sasomsap announced yesterday that rice exports this year may reach six million tons, exceeding the previous target of 4.5 million tons.

Rice exports in the first half of the year rose to just over three million tons as a result of the government's export promotion policies, he said.

Chaiyot claimed the government rice export promotion policy for both the first and second crops played a very important part in boosting sales.

Saman Ophatwong, chairman of the Rice Exporters Association, predicted that Thai rice exports will exceed five million tons this year because of strong worldwide demand and problems Vietnam, a major rice exporter, is experiencing with declining yields.

He welcomed a Rice Policy Committee decision to extend the rice export promotion project until August 31.

"This will certainly boost rice exports. If the government had not extended the promotion, exporters would have had difficulties," he said.

He added that because rice exports have soared, local rice prices have increased, and the result has been a Bt [baht] 200 per 100 kilogram loss for exporters.

The original second crop export promotion plan, which began on April 15, will end on July 30.

Under the project, the government promised to give exporters a marketing margin of U.S. $10 per ton for 1.15 million tons of rice. There are 16 exporters participating in the project.

However, exporters will not be able to export the allotted tonnage of rice by the July 30 deadline and requested an extension.

In the meantime, Sombun Phathaichan, manager of the Rice Exporters Association, said that exporters are faced with a labor shortage and a shortage of light boats used to transport rice to large ships.

He said the government should allow Burmese laborers to work at the port.

He also suggested the Harbor Department grant more light ship operation licenses.

The Harbor Department long ago froze the light ship license quota to remove light ship operators' fears of a transport glut.

Military Reportedly Watching Elections 'Closely'

BK2306122595 Hong Kong FAR EASTERN ECONOMIC REVIEW in English 29 Jun 95 p 20

[Report by Rodney Tasker in Bangkok]

[FBIS Transcribed Text] Gone are the days when Thai military leaders were a visible political force. Few words have been heard from the military brass in the run-up to the July 2 general election. But that doesn't mean the generals are happy with election trends.

Just the opposite. Sources close to the military leadership say there would be serious concern about the country's stability and international image under a government led by Banhan Sinlapa-Acha and his Chat Thai party. Military commanders view Banhan with suspicion because of his alleged money-backed methods towards achieving political power, the sources say.

More to the point, the current military brass would find it difficult to live with some of the Chat Thai figures who would be expected to join Banhan in power if he wins. Chief among these are Narong Wongwan and Watthana Atsawahem, who have both been refused visas to the United States because of allegations that they have been involved in international drug-trafficking.

Narong was about to become prime minister in April 1992 when the U.S. destroyed his plans with its allegation. But Banhan is relying on him to deliver northern MPs for the party. That means Banhan may have no choice but to offer him a cabinet place if Chat Thai wins the most seats on July 2, as is widely expected. Likewise, former Minister Watthana is a powerful figure in the party and would almost certainly demand a cabinet seat.

According to the sources, the generals have recently expressed their concern to powerful senior Privy Councillor and former Prime Minister Prem Tinsulanon. Prem, a former general, is particularly influential in military affairs. But the sources hasten to point out that, unlike in the past, modern-day army commanders agree the idea of a coup is no longer an option to show their displeasure over what they would consider to be a dubious civilian leadership. "They would make their feelings known quietly, behind the scenes," one source says.

The nearest the military brass has come to publicly expressing its political views on the election was a seminar organized by the army in Bangkok on June 7. Eight major political leaders were invited to address about 100 highranking army officers. Army Commander Gen. Wimon Wongwanit was unable to attend, but his message was delivered to the politicians. He said: "I adhere to his majesty the king's statement that we have to do our best to have good people run the country."

That was viewed by observers as a way of warning political parties against appointing tainted individuals to the next cabinet.

The current military leadership evidently still feels remorse over the era of former army chief and Prime Minister Gen. Suchinda Khraprayun. It was under Suchinda in May 1992 that troops gunned down scores of pro-democracy demonstrators on Bangkok's streets.

But military sources say the generals would closely monitor political stability under Banhan's leadership. "I forecast a (Banhan-led) government would last only, until the beginning of next year," comments one political source.

Would a Banhan government try to interfere with the army leadership's line of succession, as laid down by Wimon? "They wouldn't dare," says the source. Military analysts say Wimon has chosen current Deputy Army Commander Gen. Phaibun Emphan to succeed him when he retires in September. Like Wimon, Phaibun is considered a professional soldier with no ambitions to enter politics. When he retires a year later, he is expected to be succeeded by current Army Assistant Commander Gen. Chettha Thanacharo, another choice of Wimon's.

But the analysts would not expect Phaibun and his like-minded generals to sit on their hands if the political situation veered on a dangerously destabilizing course. Which is why they would closely, but quietly, monitor the activities of a government led by Banhan and including Narong and Watthana.

Chat Thai Party Heads Off Narcotics Issue

BK2506105295 Bangkok THE SUNDAY NATION in English 25 Jun 95 pp A1, A5

[FBIS Transcribed Excerpt] Chat Thai moved to stave off a potentially devastating attack yesterday, indicating that two senior executives linked to drug dealing would not take Cabinet portfolios unless first cleared by US authorities.

"This is an internal affair of the Chat Thai Party which I believe we can handle. We have a way out for Khun Watthana (Atsawahem) and Khun Narong (Wongwan)," deputy Chat Thai leader Pongphon Adireksan said when asked about the thorny pre-general election issue.

Pongphon's statement was seen as a preemptive move against rivals seeking to discredit Chat Thai and scuttle the party's chances of forming the new coalition government.

Watthana, a deputy leader, and Narong, the party's chief adviser, have both been denied entry visas to the United States because US anti-narcotics agencies suspect them of involvement in international drug trafficking.

"I'm confident the Chat Thai Party will win more than 110 House seats and as the biggest winner we will have full legitimacy to form a new coalition government," Pongphon said.

A senior Chat Thai executive, speaking on condition of anonymity, said that if Chat Thai took the initiative to form a new coalition government after the July 2 election, Watthana and Narong would each nominate a protege for a key Cabinet post which they would take over at a later time.

"If Chat Thai becomes the leader of the new coalition and Khun Banhan (Sinlapa-acha) is the prime minister, the government will ask the US authorities to clarify the drug allegations against the two men," the source said.

"Once they are cleared of the charges both Khun Watthana and Khun Narong would then be appointed to replace their proteges in the key Cabinet positions." [passage omitted]

Vietnam

Tonkin SRV-PRC Border Working Group Meets

BK2406150195 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 26 Jun 95

[FBIS Translated Text] Implementing the basic principles on border and territorial issues between the SRV and PRC, signed on 19 October 1993, and acting on the results of the fourth meeting, the fifth meeting of the working group to define the Gulf of Tonkin between Vietnam and China was held in Hanoi 20-22 June.

The two sides exchanged views on issues relating to the delineation of the Gulf of Tonkin. The two sides agreed to continue negotiating the delineation of the Gulf of

Tonkin. The timing and locality of the sixth meeting will be established through diplomatic channels.

On the afternoon of 22 June, SRV Deputy Foreign Minister Nguyen Dinh Bin cordially received all the members of the working group. Zhang Quing, PRC ambassador extraordinary and plenipotentiary to Vietnam, attended the function.

Circular Issued on Banned Goods, Services

BK2406114195 Hanoi VNA in English 0557 GMT 24 Jun 95

[FBIS Transcribed Text] Hanoi VNA June 24 — The Ministry of Trade on June 21 issued a circular listing ten categories of goods and business services to be banned by the Vietnamese Government on the domestic market.

The circular which is made in replacement of circular 07/TM-QLTT dated May 18, 1992, will take effect as from early this July.

The banned items are:

- Weaponry, ammunition, military goods and supplies, and other military technical equipment
- Drugs (all kinds)
- Exhibits of cultural and historical value
- Pornographic, depraved and reactionary cultural items and publications
- Foreign manufactured cigarettes
- Explosive crackers produced at home or abroad
- Medicines for both human and animal uses, drugs used for plant protection and all kinds of medical equipment and instruments not yet permitted to be used in Vietnam
- Rare forest flora and fauna
- Toys harmful to personality development and health of children or detrimental to national security and social order and
- Any acts of business and services contrary to Vietnam's culture and tradition.

Civil Aviation Development Reviewed

BK2406153495 Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 2 Jun 95 p 4

[Article by Van Ngoc]

[FBIS Translated Text] Similar to other economic sectors in the adjustment to the market economy, the Vietnam Civil Aviation [VCA] sector had faced formidable obstacles. The biggest challenge to the sector in its struggle for survival and development was competition with large aviation companies, while its organizational structure was still unsettled and continuously changing. Its infrastructure such as airports, terminals, and equipment had become obsolete after the tens of years of upheaval in national history. The insignificant fleet of airplanes consisted mainly of antiquated carriers with poor flying capability and facilities.

With determination, the VCA overcame all obstacles and has seized all opportunities in the open-door era to become self-reliant. With a new organizational structure, it has developed business and has shown an eagerness to learn from other international aviation firms. The core policy of the sector is to make full use of existing assets and facilities while gradually modernizing its infrastructure and transportation facilities, enhancing its transportation capability, consolidating cooperation and joint-venture activities, and renovating service.

Applying different approaches such as purchasing, hiring, cooperation, and so forth the Vietnam Airlines fleet has been updated with modern aircraft such as the Airbus and Boeing that provide facilities which international and domestic passengers prefer. Many airports have been restored, upgraded, and expanded, especially the important ones of Noi Bai, Tan Son Nhat, and Danang, thus responding well to the fast-increasing demand in both international and domestic transportation. Take the Tan Son Nhat Airport: In 1989 the total number of incoming and outgoing passengers that used the airport was 440,000, while it handled 6,300 tonnes in cargo. In 1993, the total number of passengers went up to 1.58 million, and handled up to 27,000 tonnes in cargo. In 1994, the airport received 2.2 million passengers and 64,000 tonnes of cargo.

Its management has also received adequate attention and investment. The latest hi-tech equipment such as radar and flight guiding systems, VOR, DME, ILS, and signal receiving center EUROCAT- 200 have been installed. Hundreds of staff in management, engineering, flight control, signals, liaison, meteorology, emergency rescue, and so forth, has been recruited and trained at home or overseas. The outstanding feature in air traffic management was the shift from using antiquated to modern audio-visual equipment. That was also the foundation for our achievement in gaining the right to control Ho Chi Minh Flight Information Region (FIR) from 8 December 1994, when the VCA officially received this responsibility, ending 18 years of FIR management by neighboring countries.

It is important to add that gaining the Ho Chi Minh FIR, in fact, carries great significance in many areas. Firstly, it is an objective evaluation of the growth of VCA and an acknowledgement of the mature role and capability of Vietnam Airlines in modernizing to international aviation levels. In economic terms, the fees collected from this management right also brings in a significant amount of foreign currency to the state budget.

In international relations, VCA has so far signed air transport agreements with 35 countries and two territories in Asia, Europe, and Australia. Twenty-two airline companies from 19 countries have regular flights or leased regular flights to Vietnam, and 50 companies have transit flights through Vietnam. Until 1990, Vietnam only had three international flights. They were to Bangkok, Vientiane, and Phnom Penh. Now we have regular flights on 23 routes to 19 destinations.

In passenger service, the Vietnamese civil aviation sector has paid attention to renovating its working attitudes to suit the market system. In addition to organizing and rearranging various work links to make them more rational and convenient, great attention has been given to improving the professionalism of its cadres and employees. The sector has organized, recruited, and provided training and professional development that are in accordance with international standards for personnel in different professions. The sector has participated in the sale and distribution of air tickets under various worldwide programs such as Gabriel II, Amadeus, Infini, Abacus, etc., to help passengers purchase air tickets and book flights more conveniently.

With these positive efforts, the Vietnam civil aviation sector achieved remarkable growth from 1990-94, with the number of passengers increasing annually by an average of 44 percent and cargo by 36 percent. From ferrying only between 230,000 and 250,000 passengers in 1980, Vietnam Airlines achieved its target of 1.76 million passengers and 20,000 tons of cargo and postal parcels in 1994. In percentage terms, its international flights increased from 26.4 in 1990 to 67 in 1994. Vietnam Airlines has taken on modernization as one of its targets on a step-by-step basis.

Investing in infrastructure upgrade has become urgent. The foremost task is general planning for various airports so that we will be able to renovate, upgrade, and develop various civilian airports thoughout the country. Priority is to be given to the three international airports of Noi Bai, Tan Son Nhat, and Danang and to the system of infrastructure establishments that provide services for flight management and control. The government has recently approved the building of a northern wing at the Noi Bai International Airport Terminal. This is one of its many development projects between now and the year 2000. It will be taken on by Vietnam itself and will be financed by local sources and foreign loans. The project is divided into two phases. The first, with an investment of over 350 billion dong or nearly $8 million, is designed to increase the airport's annual passenger handling capacity to 2.5 million by 1997. The second phase is designed to increase the airport's annual passenger handling capacity to 4 million or more by the year 2000. The project is expected to start in the third quarter of 1995. The first phase will be completed and operational by 1997. The terminal is built over a 10,000 square hectares area.

The sector also has other projects such as upgrading and expanding the annual passenger handling capacities of the Tan Son Nhat International Airport (to 8-10 million passengers) and the Danang International Airport (to 2-3 million passengers). A project to perfect and upgrade the air traffic services network has also been mapped out and submitted to the government for approval.

As for planes, Vietnam Airlines has been building its fleet by purchasing and leasing. Other measures have also been taken to build a modern commercial fleet, diversify the flight range and tonnage of its airplanes, and to strengthen its material bases and equipment for various aircraft maintenance and repair establishments. This would be done so that they could attain high technical inspection capabilities and provide repair services for various aircraft owned by other local civilian airlines and international airlines using the Vietnamese routes.

On the other hand, Vietnam Airlines has paid attention to providing training and professional development to its contingent of pilots, technicians, and management cadres so they can be trained in modern technology and gradually meet international standards. The Vietnamese civil aviation sector will continue to renovate and perfect its production and business system in the diversification of its activities and products. It will also try to do this in such a way that by the year 2000, various production and business units within the sector, patterned after economic groups, will be put into operation,

The law to revise and supplement a number of articles of the Law on Vietnamese Civil Aviation was approved by the National Assembly on 15 April 1995 at its seventh session. The Ninth National Assembly serves as a legal basis for the Vietnamese civil aviation sector to carry out its state management task in the new stage and also as a legal environment that promotes the sector to place its various production and business activities under the law. This is also the basis on which the Vietnamese civil aviation sector is able to carry out modernization gradually but with good results.

Article on Tan Son Nhat Airport Development

BK2406085395 Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 5 Jun 95 p 3

[Article by Nhat Nam: "Tan Son Nhat Airport on the Developmental Path"]

[FBIS Translated Text] In comparison with various large airports in the region such as the Hong Kong's Kai Tak and Japan's Kansai, the Tan Son Nhat International Airport is still a moderate one in terms of size and business activities. Since the liberation of South Vietnam 20 years ago, however, Tan Son Nhat has made remarkable steps.

Tan Son Nhat is one of the two biggest international airports in Vietnam. It is an important air terminal with various favorable features: It is situated near a city where the weather conditions are favorable for landings and takeoffs year round. Nevertheless, during the early years of liberation when our economy still relied on the subsidized system, setbacks were prevalent, and economic relations between nations in the region and the rest of the world were limited, no special attention was paid to upgrading and properly exploiting the airport. As a result, during that period business at the airport was relatively quiet. On the average, only five to seven aircraft took off and landed each day while the volume of passengers and goods was minimal, accounting for only one-fourth of the current level of traffic.

Not until recently has Tan Son Nhat Airport been vigorously developed. This is thanks to the party renovative line that has allowed the shift from the subsidized economic system to the market economy, and the unswerving implementation of the multisectoral economy in accordance with the socialist orientations that have given rise to all potentials and enhanced the production and transportation of goods. Moreover, our economic reform and open- door foreign policy of "befriending all countries" have created a favorable environment for the country to enhance its capability to promote relations with all nations, thereby attracting more foreign investment. Under these conditions, Tan Son Nhat is benefiting from various projects aimed at gradually renovating and upgrading the airport to meet the requirements of our nation's progress.

Since 1990, Ton Son Nhat has been upgraded consistently through various investment projects. It has been expanded and equipped with more facilities meeting the standard of an international airport so as to serve passengers and the transportation of goods. In April 1990, the state invested $3 million to expand and upgrade the arrival and departure lounges. Those who used the airport before 1990 will now see bigger, more beautiful and modern, and better- equipped lounges. In addition to the modern communications and control equipment, two automatic escalators can deliver 9,000 passengers per hour between the departure lounge and tarmac. Duty-free shops have also been set up to serve passengers at the departure and arrival lounges.

In September 1992 a $12 million project was launched to upgrade one of the two runways: runway 25R, 3,078 meters long and 45 meters wide. The improvements were inaugurated on 1 May 1994. This runway can facilitate the arrival and departure of all modern aircraft from international airlines.

It is essential to say that Tan Son Nhat has developed considerably and is able to meet current requirements for national development, thanks to the state's great efforts in upgrading the airport. The number of passengers and the volume of goods in transit have increased very rapidly.

The Tan Son Nhat airport handled 1.2 million passengers in 1992 and 1.6 million in 1993. In 1994, it transported nearly 2.2 million people and 65.8 million tonnes [figure as published] of air freight in 26,141 flights. In the first three months of this year, more than 713,000 people with 20,801 tonnes of cargo passed through the airport, an increase of 38 percent over the same period last year. It is predicted that in 1995, 2.6 million passengers will use the airport and its cargo will increase 18.5 percent over last year. About 100 flights arrive and depart the airport daily, including five to seven at night. During peak hours, the airport has to handle heavy air traffic.

Thanks to our increasingly broadening business and aviation service relations with other countries, 25 airlines, including 22 international airlines, are operating at the airport to provide passenger service on 18 international routes, thus linking Tan Son Nhat with the capitals of many countries.

With this extent of development, the airport has become too small. It has only 21 parking bays for airplanes, including seven reserved for airplanes of more than 150 tonnes.

In order to solve this problem, the government has approved a plan to improve the parking lot for small and VIP aircraft and convert the military aircraft parking lot into parking bays for big airplanes with the total cost of 130 billion dong. The airport also is spending 1.4 billion dong to upgrade its front parking lot.

This plan only meets the current requirements. Future expansion will be executed in two stages: the first, from now until 2000, and the second from 2000 to 2010. On 27 February, the prime minister issued Official

Document No. 118 to approve airport plans until 2000. The airport will upgrade and broaden its gates and parking bays and rebuild and upgrade the 25L runway. Under this plan, the perimeter will be increased to 219,000 square meters with 11 hectares reserved for cargo service, 60 hectares for 35-40 aircraft parking bays, and 10 hectares for automobile parking. Capacity will increase from the current 3 million passengers per year to 8 million. Total investment for this stage will be about $560 million.

The second stage involves building a new airport northwest of the present one. The perimeter of the new facility will be 1,147 hectares with 1,389,000 square meters reserved for passenger service, 19.6 hectares for cargo, 161 hectares for aircraft parking, and 75 hectares for automobile parking. The new airport will handle 40 million passengers and 1 million tonnes of cargo annually and provide parking space for 100 airplanes. A subway tram line will link the two airports. Total investment will be $3.3 billion. We have sought foreign investment in this project and 10 foreign investors have submitted plans. In late 1994, a grassroots level council was set up with the participation of the Group of Southern Airports, Aviation Department, Government Office, State Commission for Cooperation and Investment, and Ministry of Communications and Transportation. The council selected five plans and presented them to the government for approval.

In the near future, together with the national renovation process, the airport will develop to keep pace with other international airports.

Electricity Reaches 60 Percent of Communes

BK2606084795 Hanoi VNA in English
0638 GMT 26 Jun 95

[FBIS Transcribed Text] Hanoi VNA June 26 — Around 5,400 communes, or sixty percent of the country's total communes, have been provided with electricity.

Of the figure, 82 percent of communes are provided with electricity from the national electricity grid and the rest, mostly northern mountain areas draw power from small hydro-electric power stations.

According to a survey conducted in rural areas, 52.4 percent of the total farmer households in rural have been provided with electricity. Apart from using electricity for lighting, farmers have used electricity in agricultural production and services, thus improving rural people's living conditions.

However, the plan for electrifying the countryside has not been implemented uniformly in the whole country. For example, 98 percent of communes in the red river delta have been association des juristes du Vietnam. [sentence as received]

Lao Cai Builds Electric Line to Muong Khuong

BK2406141595 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 23 Jun 95

[FBIS Translated Text] On 22 June, the Lao Cai Electricity Service [LCES] began constructing the 35-kilovolt electricity line to link Lao Cai township with Muong Khuong district. The line will be more than 42 kilometers long with 243 concrete posts and three transformer stations. The No. 1 Electricity Enterprise conducted the survey and will build the entire line. The LCES Electricity Construction Department will install the transformer stations. The entire project costs more than 5.85 billion dong and will be completed before 1 May 1996.

Seasonal Cyclones Wreak Crop, Property Damage

BK2306090695 Hanoi VNA in English
0629 GMT 23 Jun 95

[FBIS Transcribed Text] Hanoi VNA June 23 — So far this rainy season, seven cyclones have hit the Mekong Delta Province of Can Tho, causing great losses in life and property.

These cyclones, which swept through Thot Not, Phung Hiep, Chau Thanh, Vi Thanh, and Long My Districts, killed one person, injured 37 others, destroyed 135 houses, and damaged 271 houses, schools, and clinics. They damaged 300 ha of rice and fruit trees and rendered thousands of people homeless, with property losses estimated at VND 4,307 billion.

At Thanh An Commune, Thot Not District, a cyclone struck six hamlets, causing one death injuring 33 people and making 544 people homeless. It also destroyed and damaged 111 houses and 22 class- rooms and infirmaries. At Thanh Hoa Village, Phung Hiep District, a cyclone injured three person, made 320 homeless, knocked down 55 houses, and deroofed 12 others. Two class-rooms and 9.5 ha of cane and orange orchards were also damaged.

Local authorities and organisations are striving to help the victims overcome the consequences of these cyclones, and relief from many agencies, units and individuals have been sent to stricken areas.

Hai Hung Party Admits Nearly 2,000 Members

BK2406142095 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 22 Jun 95

[FBIS Translated Text] The party building work in Hai Hung province continues to improve in the first six months. The province held 30 workshops for more than 2,600 potential members and has admitted nearly 2,000 new members. The number of new members is equal to the number of party members admitted in 1994. Thanks to the proper attention given to the quality of the new members, more than 68 percent have come from local youth unions, while 85 percent have completed high school.

This fine achievement is the result of Hai Hung party committees at all levels closely supervising the introduction of practical measures to coordinate with youth unions, women's associations, and workers' unions in admitting new members.

Australia

Further Reaction to French Nuclear Decision

Recalled Envoy 'Sad'

BK2406100495 Melbourne Radio Australia in English 0500 GMT 24 Jun 95

[FBIS Transcribed Text] The Australian ambassador to France is on his way home after being recalled in protest at French nuclear testing in the Pacific. European correspondent Majella Anning reports:

[Begin Anning recording] The Australian ambassador, Alan Brown, delivered a French translation of the prime minister's statement to the foreign minister in Paris before leaving for Australia. He said he was sad France has decided to resume nuclear testing, which has led to his recall. The ambassador to France said officials of the French Foreign Ministry expressed regret at the decision to recall him but he said it was important [word indistinct] to experience firsthand the current situation in Australia and have the opportunity to be briefed personally by the prime minister.

The French Government says it has taken note of the measures announced by Mr. Keating but has given no further response. [end recording]

Local Councils Urged To Rally

BK2606044995 Melbourne Radio Australia in English 0100 GMT 26 Jun 95

[FBIS Transcribed Text] Local councils around Australia are being urged to marshal grass roots opposition to French nuclear testing in the South Pacific.

Local Government Association president, Peter Woods, wants councils to join the Nuclear Free Zone Secretariat — a body which was active until the end of of the Cold War. Councillor Woods also says councils with sister city links with France should use those ties to encourage the growth of an antinuclear testing movement within France.

[Begin Woods recording] We shouldn't be attacking the French as a nation. We should be urging a meeting of the people through local governments, local communities — that's the strength of local governments — to bring people together and say to central government, no matter what country they are in, if you get out of step with the views of the people and the will of the people, then the people must draw you back into line. Therefore, I want to see those links maintained and strengthened. [end recording]

Evans Defends Response

BK2606080895 Melbourne Radio Australia in English 0500 GMT 26 Jun 95

[FBIS Transcribed Text] Australia's foreign minister, Gareth Evans, says the federal Labor government's response to the resumption of French nuclear tests in the South Pacific makes clear Australia's outrage at the decision.

Michael Rowland reports there are calls for the government to go further in its retaliation against France's action.

[Begin Rowland] The Labor left is urging the government to take stronger retaliatory action against France, such as the cancellation of all existing contracts for the sale of uranium.

Senator Evans says the left should appreciate that Australia's response so far in recalling Australia's ambassador to France and restricting defense links are very tough, indeed. The foreign minister says the action makes clear that the planned tests are absolutely unacceptable, but he hopes that the way opens for further action at some stage in the future.

Senator Evans has also refused to comment on reports he initially sought a much tougher response when cabinet first discussed the issue, but he says his conscience is clear. [end recording]

Croatian President Tudjman Concludes Visit

Addresses Emigres, Faces Protesters

BK2406122695 Melbourne Radio Australia in English 0500 GMT 24 Jun 95

[FBIS Transcribed Text] Croatian President Franjo Tudjman has appealed to his countrymen living in Australia to return home to help rebuild their nation. President Tudjman made the appeal to a rally of more than 8,000 Croatians in Melbourne. President Tudjman used the gathering to thank Australians for their support of his country and to forecast that areas of Croatia still under Serbian control would soon be liberated. The rally of Croatians from Victoria, Tasmania, and South Australia began with a minute silence for people killed in the war in the Balkans.

President Tudjman is on an official visit to Australia and has already held talks with Prime Minister Paul Keating and senior government ministers.

[Hong Kong AFP in English at 0718 GMT on 24 June reports: "Croatian president Franjo Tudjman, [illegible] a one-week visit to Australia, was met by a dozen protesters Saturday when he landed at Sydney airport.

The protestors, members of the Serbian community, hung over the airport perimeter fence hurling abuse. 'He is a Balkan criminal,' one shouted as the 73-year-old president arrived. Organisers of the protest had said they expected 1,000 people and cited a change in Tudjman's arrival time for the small turnout. One demonstrator, a 59-year-old Croatian woman who declined to be named, said her father, brother and sister had all been killed in Bosnia in the past five months. 'It's not fair,' she said. 'He should not have been allowed on the plane to Australia. He is a criminal, a Nazi.'"]

Departs Sydney for New Zealand

BK2506125095 Melbourne Radio Australia in English 1100 GMT 25 Jun 95

[FBIS Transcribed Text] The Croatian president, Franjo Tudjman, has left Sydney for New Zealand following a controversial visit to Australia. During one of his final engagements, the president last night addressed thousands of members of Sydney's Croatian community. Dr. Tudjman asked the local Croatian community to help rebuild Croatia following its independence from Yugoslavia.

(Evan Nimac) from the Australian-Croatian (?Congress) says despite anger from within sections of the Serbian community, the president's Australian visit went smoothly and meant a great deal to Croatians.

Delegation To Discuss Aviation Dispute

BK2206082195 Melbourne Radio Australia in English 0500 GMT 22 Jun 95

[FBIS Transcribed Text] Australia is to send a senior government delegation to Hong Kong next week to try to resolve an escalating dispute over aviation rights.

Earlier this week, Australia announced it would cap Cathay Pacific capacity on flights between Hong Kong and Sydney at 40 percent of its usual capacity. The decision is in retaliation for similar restrictions imposed by Hong Kong on Qantas flights between Hong Kong, Singapore, and Bangkok.

Hong Kong's transport minister, Gordon (Hu), has written to his Australian counterpart, Laurie Brereton, urging him to reconsider the decision. Australia says it will send a delegation of transport officials to Hong Kong for talks on Monday in the hope of reaching a negotiated settlement. Cathay Pacific is yet to respond to the Australian Government's restrictions which take effect from July.

Judge Bars Release of PRC Embassy Bugging Data

BK2606083895 Melbourne Radio Australia in English 0500 GMT 26 Jun 95

[FBIS Transcribed Text] A Supreme Court judge has ruled against releasing secret documents tendered by the Australian Government when it was trying to suppress stories on the alleged bugging of the Chinese Embassy in Canberra. Brendan (Trembach) reports the documents include sworn statements from Attorney General Michael Lavarch and Foreign Minister Gareth Evans.

[Begin (Trembach) recording] Mr. Lavarch apparently issued a warrant authorizing the bugging while Senator Evans is responsible for ASIS [Australian Security Intelligence Service] — the spy service which initially carried out the operation. But the federal government's attempts to suppress the story failed and media organizations asked for access to the sworn secrets. However, a New South Wales Supreme Court judge, Justice John Bryson, had decided the affidavits should not be released even with some of the passages blacked out. He has also confirmed that the government has discontinued contempt proceedings against the John Fairfax group and the ABC [Australian Broadcasting Corporation]. [end recording]

New Zealand

Bolgar Rules Out Further Action Against France

BK2606103695 Hong Kong AFP in English 1028 GMT 26 Jun 95

[FBIS Transcribed Excerpt] Wellington, June 26 (AFP) — New Zealand will take no more direct action against France over its decision to resume nuclear testing but will join any South Pacific moves, Prime Minister Jim Bolger said Monday.

He ruled out sending a navy frigate to the test site at Mururoa Atoll as demanded by the opposition Labour Party and the environmental movement Greenpeace.

"Both New Zealand and Australia have been under the request of their respective oppositions to send a frigate," Bolger said Monday.

"Both countries have determined independently that while that had some symbolism, (such a move) was not going to go further than that."

French President Jacques Chirac announced two weeks ago that France would carry out eight tests at the Mururoa Atoll site between September this year and May next year.

Cabinet was Monday briefed by Disarmament Minister Doug Graham who last week met French Foreign Minister Herve de Charette in Paris, joining a South Pacific Forum delegation that asked France to change its mind.

Asked if there would be any further protest action solely by New Zealand, Bolger replied: "What else can you do?

"The simple fact is that New Zealand quite correctly moved first, moved strongest and moved with greatest sense of urgency and, dare I say it, anger (at the decision)."

The government had taken the steps open to it in diplomatic, trade and military contact terms, he said.

New Zealand would work with the other 14 South Pacific forum members to see what more can be done.

The forum is not scheduled to meet until September 13-15, in Papua New Guinea.

Australia has said it will ask New Zealand to support the expulsion of France as dialogue partner at the meeting.

Bolger said the forum worked by consensus.

"If the forum then wants to curtail or suspend France's position as a dialogue partner with the forum, that (action) has to be taken by the forum nations collectively," he said.

In another part of Wellington, three croissants were burned in a beret by about 1,000 protesters who marched on the French Embassy and threw eggs at it.

Wellington Mayor Fran Wilde told the rally the tests were unacceptable and she hoped to deliver a letter to French ambassador Jacques Le Blanc this week.

"We're saying we want a complete test ban. Prohibiting their spread to other countries is simply not good enough," she said.

Two people were arrested on minor charges at the demonstration. [passage omitted on France being banned from Wellington Wine and Food Festival, background on nuclear tests]

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

— Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.

— Headlines and all bracketed explanatory notes are supplied by FBIS.

— Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.